Northwest Territories

Economic Review and Outlook

ARTS
CONSTRUCTION
ENERGY
FISHERIES
FUR
MANUFACTURING
MINING
OIL AND GAS
SERVICES
RETAIL TRADE
TOURISM
WHOLESALE TRADE

Northwest Territories Industry, Tourism and Investment
January 2011

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Page 18 – Source: ITI – Taltson Hydroelectric Station

Page 20 - Source NWTPC (Grabke) - Snare Hydro Site

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Page 31 – Source: ITI – Arts and Fine Crafts made in the NWT; Source: ITI – Demonstrating Diamond Polishing

Page 50 – Source: ITI – Heavy duty equipment on the job

INVESTING IN THE NWT

Do you want to start or expand a business? Is your community looking for new development opportunities? You will find some valuable information in this year's "Economic Review and Outlook".

Honourable Robert R. McLeod

Minister of Industry, Tourism and Investment

Government of the Northwest Territories

Residents of the Northwest Territories are blessed with great resource wealth, and some of the world's most spectacular natural landscapes. While we export $2 billion in diamonds to Europe every year, much of our vast mineral wealth remains untapped.

Oil and gas reserves, which built much of Alberta's wealth, do not stop at the NWT border. In its recent review, the Conference Board of Canada estimated that by 2017, natural gas prices will be high enough to make the Mackenzie Gas Project an attractive investment. With its development, the Conference Board predicts our Gross Domestic Product will climb to $7.9 billion, more than twice its current level.

The Metal Mining Opportunities Conference held in March 2010 in Dettah, and jointly sponsored with our partners in CanNor, was a great success. There is renewed interest in metal mining and in the refining of metals. This represents exciting new opportunities for our economy.

During the 2010 Olympics in Vancouver, we had significant success marketing tourism and the arts, including visual arts, at Canada's Northern House. Two hundred and fifteen thousand people visited Canada's Northern House and it is anticipated that this will lead to increased visitors to the NWT and sales of arts and crafts made in the NWT.

One issue facing the NWT is a lack of population growth. The GNWT has addressed this through the launch of the "Come Make Your Mark" initiative. This initiative is a comprehensive national marketing campaign aimed at convincing residents of select regional jurisdictions across Canada to move to the NWT to live and work long-term.

Achieving this level of growth will require cooperation, partnership and forward thinking. The opportunities are there, and together we can deliver sustained economic development across the NWT for all residents.

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EXECUTIVE SUMMARY

Look after the basics...

The NWT has one of the most favourable long term outlooks in the country based on the untapped potential of the territory's resource base.

- The Mackenzie Gas Project is one of Canada's largest investment opportunities. The Conference Board of Canada predicts the GDP of the Northwest Territories (NWT) will climb to $9.6 billion by 2020, almost twice its current level.
- Mining is the largest industry in the NWT. It is also the main source of employment, creating over 2,500 direct jobs. Industry wages and salaries are the highest in Canada. Mining projects at an advanced stage include the Yellowknife Gold (gold), Gahcho Kue (diamonds), NICO project (gold, cobalt, bismuth), and the Avalon Rare Earth Metals project.
- The construction industry employed an average of 1,937 workers in 2009. This represents approximately 7.2% of the total territorial workforce and almost 9% of private sector employment.
- Retail sales have demonstrated strong growth from 2004 to 2009 compared to the Canadian average. However, future growth is constrained by lack of population growth.
- Tourism is forecast to grow by an annual average rate of 2.8% over the next five years. Actual rates may vary depending on the economic conditions in market countries. Good progress is being made on promoting meetings and other business events.
- NWT made arts and crafts are quite diverse. According to the 2008/2009 Household Survey conducted by the NWT Bureau of Statistics, more than 3,000 NWT residents produced some form of art or craft.
- Agriculture, fisheries, trapping and commercial game harvesting generates income and employment for many NWT residents. Approximately 700 people participate in trapping, contributing an estimated $830,000 to the economy.
- Manufacturing can reduce the NWT's reliance on imports, improving our balance of trade. This keeps jobs and opportunities within the territory. However, high energy costs remain a challenge.
- One exciting new value added opportunity is Avalon's proposed hydromet plant at the old Pine Point mine site. Refining rare earth concentrates in the NWT could add over $60 million in wages and salaries to the South Slave economy every year.
- Hydroelectricity will continue to provide the greatest opportunity to meet the needs of future community and resource development. With over 11,000 megawatts of hydroelectric potential, our northern rivers could be a source of clean, sustainable energy. In addition, there is also potential for the development of other renewable energy alternatives, including the establishment of wind, biomass and geothermal energy.

CHAPTER 1

POPULATION TRENDS

Population is a critical economic and business measure. Population also defines the market for many trade and service businesses, and it also determines economies of scale for the territory's infrastructure development.

The NWT has an estimated population of 43,400 people, about half of which are of Aboriginal descent. Relative to other regions of Canada, the population is young. According to 2009 population estimates the proportion of people under 15 years of age accounts for 16.6 % of population in Canada and 21.7% in the NWT. There are 33 communities in the NWT. Yellowknife is the only one that is classified as a "city". Over two thirds of the communities have a population under 700, two communities have fewer than 100 residents.

There are six regional centres in the NWT – Fort Simpson, Fort Smith, Hay River, Inuvik, Norman Wells and Yellowknife. These communities make up 73% of the total population. The vast majority of non-Aboriginal residents live in these communities.

Between 2001 and 2009 the population increased by 2,600; 1,900 of which live in Yellowknife. Overall, four communities accounted for 96% of the NWT's population growth since 2001:

- Yellowknife 75%
- Behchokò 9%
- Inuvik 7%
- Fort Smith 5%

Small communities, which account for 28% of the population over 15, have only 16% of the jobs, and almost 50% of the NWT's unemployed workers.

TABLE 1.1 REGIONAL CENTER POPULATION TRENDS 2001 - 2009

	2001 Population			2009 Population			Growth		
	Total	Aboriginal	Non-Aboriginal	Total	Aboriginal	Non-Aboriginal	Total	Aboriginal	Non-Aboriginal
Northwest Territories	**40,844**	**20,897**	**19,947**	**43,439**	**21,889**	**21,550**	**2,595**	**992**	**1,603**
Fort Simpson	1,255	878	377	1,283	921	362	28	43	(15)
Fort Smith	2,326	1,389	937	2,466	1,556	910	140	167	(27)
Hay River	3,725	1,710	2,015	3,724	1,644	2,080	(1)	(66)	65
Inuvik	3,395	1,996	1,399	3,586	2,254	1,332	191	258	(67)
Norman Wells	766	199	567	800	320	480	34	121	(87)
Yellowknife	17,772	3,931	13,841	19,711	4,560	15,151	1,939	629	1,310
Other	**11,605**	**10,794**	**811**	**11,869**	**10,634**	**1,235**	**264**	**(160)**	**424**

Source: Community Population Estimates, NWT Bureau of Statistics

CHAPTER 2
ECONOMIC OUTLOOK

Economic growth has slowed in recent years, but the longer term forecast is positive. Natural gas price forecasts by the Conference Board of Canada support development of the Mackenzie Gas Project by 2017.

The Conference Board of Canada has developed a forecasting model which provides insights into a number of key economic drivers, especially from a global or Canadian perspective. With development of the Mackenzie Gas Project (MGP), the Conference Board predicts the GDP of the Northwest Territories (NWT) will climb to $9.6 billion by 2020, almost twice its current level. This predicted increase in investment, mainly associated with the MGP, will create over 9,000 new jobs.

Supplying this level of labour will require migration of workers to the NWT, along with significant labour movements within the territory. Significant investment in housing, infrastructure, training and other support services will be required.

In the mining sector, there are seven new mines that could proceed to production over the next five years. Together these represent more than $2 billion in new investment. However, the NWT's two largest producing diamond mines are nearing the end of their official lives. These new projects are necessary to offset the negative economic impacts of eventual diamond mine closures.

The GNWT will continue to place a priority on reducing our reliance on imported fuel oil and developing local, preferably renewable, sources of energy supply. Hydroelectricity will continue to provide the greatest opportunity to meet the needs of future community and resource development. Other renewable sources such as geothermal, biomass and wind could also play an important role. The NWT has a tremendous wealth of energy resources. The development of these resources will likely be a key driver of our economy for the next decade and beyond.

The tourism industry is forecast to grow by an annual average rate of 2.8% over the next five years; annual rates may vary depending on the economic conditions in market countries. Positive growth is expected in the business travel, aurora viewing, and touring/camping markets.

The economic fortunes of most small and medium sized businesses in the NWT will depend on mineral and tourism development. While market conditions are expected to improve over the next few years, success will depend upon strong management skills, skilled labour, good marketing, and high-quality customer service. However, studies have shown that successful businesses must also diversify markets, adapt new technologies, control costs and be more innovative with new products. (Source: TD Economics)

TABLE 2.1 CONFERENCE BOARD OF CANADA PROJECTIONS

	NWT				NUNAVUT				YUKON			
			Change				Change				Change	
	2010	2020	Units	%	2010	2020	Units	%	2010	2020	Units	%
GDP at Basic Prices (2002 $ millions)	3,437	5,178	1,741	51%	1,188	1,568	380	32%	1,517	1,866	350	23%
GDP at Market Prices ($ millions)	5,088	9,713	4,625	91%	1,633	2,908	1,274	78%	2,045	3,342	1,297	63%
Personal Income ($millions)	2,621	4,308	1,687	64%	1,218	2,008	791	65%	1,666	2,662	996	60%
Population (000's)	43	44	0	1%	33	38	5	15%	34	37	4	11%
Labour Force (000's)	22	26	3	14%	12	14	2	17%	18	20	2	10%
Employment (000's)	21	24	3	16%	10	12	2	19%	16	18	2	14%
Unemployment Rate (per cent)	7	6	(1)	-20%	12	11	(2)	-13%	8	6	(3)	-33%

Source: Conference Board of Canada "Northern Outlook" Report, July 2010

Gross Domestic Product (GDP) Trends

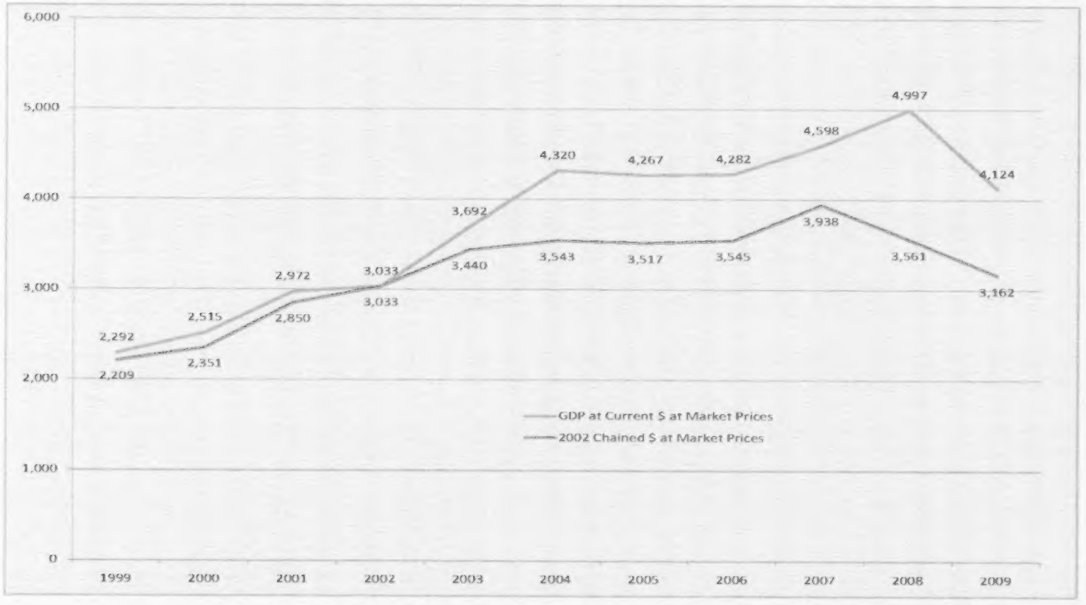
The GDP is one of the most common indicators of economic performance. The GDP is the value of all goods and services produced within an economy over a specified period of time. It is usually defined as the sum of consumer spending, investment, government spending and exports minus imports.

The NWT's growth has been largely dependent upon diamond exports and mineral investment. In recent years, investment and exports have been impacted by the global economic downturn.

GDP is calculated by "current" or "chained" dollars. We need to look at both to gauge economic trends. Market dollars are simply the money we use every day. Chained dollars only vary with production, with prices being held to 2002 levels. For example, a chained dollar measure of GDP would keep a barrel of oil at 2002 prices, which averaged under $30 per barrel.

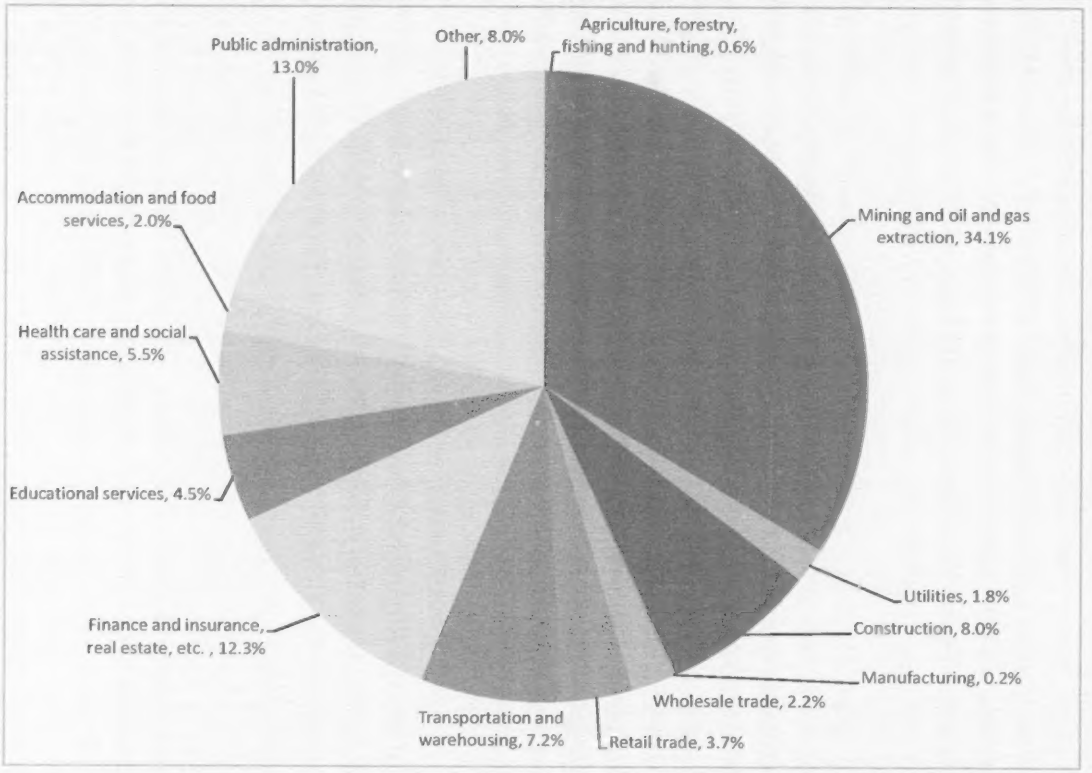
Chart 2.1 shows GDP trends in current and chained dollars for the NWT since 1999. The growing gap between chained and current GDP measures after 2003 reflects the impact of large commodity price increases, especially over 2008, with limited new production.

CHART 2.1 GROSS DOMESTIC PRODUCT 1999 - 2009 ($MILLIONS AT CURRENT PRICES)



Source: NWT Bureau of Statistics

CHART 2.2 GDP BY INDUSTRY 2009 - (2002 CHAINED $)



Source: Statistics Canada

The economy is dominated by diamond mining, which accounts for 29% of the GDP. Other major industries include Public Administration or Government (13%), Finance and Real Estate (12%), Construction (8%), and Transportation (7%).

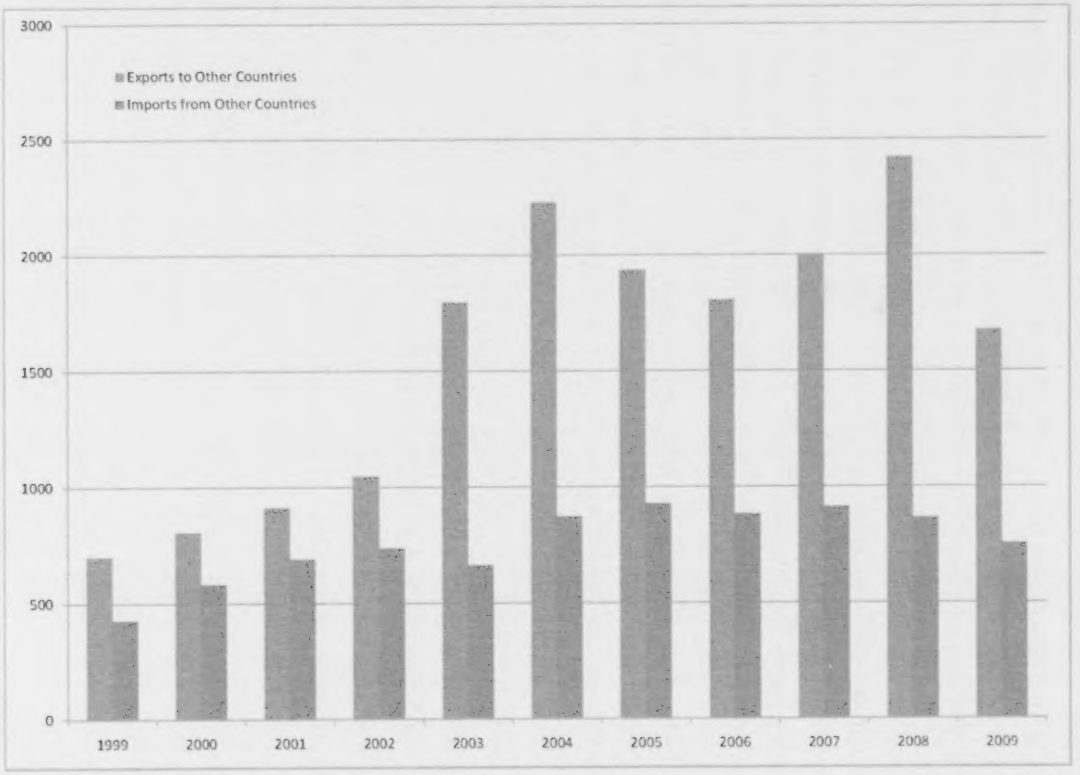
Compared to 1999, mining has more than doubled its share of economic activity, while oil/gas has declined. Most other industries have grown, but their production has not kept pace with the mining industry. This likely reflects the lack of population growth, as well as leakages from the economy.

ECONOMIC OUTLOOK CONTINUED

International Trade

The NWT's economy is closely linked to international markets, and is a significant contributor to Canada's trade balance. Chart 2.3 plots NWT exports and imports outside of Canada. Since 1999, the NWT exported almost $8 billion more in goods to other countries than we imported.

CHART 2.3 NWT EXPORTS AND IMPORTS FROM OTHER COUNTRIES (IN $ MILLIONS)



Source: Statistics Canada

CHAPTER 3

ARTS

The arts industry is integral to the economic, social, and cultural fabric of the NWT. This sector is extremely diverse and includes sub-sectors such as performing, literary and visual arts, publishing, and film and video production.

The Sector at a Glance

The arts and fine crafts sector, in combination with the traditional economy (hunting, fishing, etc.), are very important to the subsistence of residents. This is especially true in the smaller communities of the NWT.

Arts and fine crafts make an important contribution to our economy as an export industry and cultural identifier. This sector provides incomes for residents who rely on their talents and artistic design to maintain their way of life and spiritual connection to the land. Success for many artists is important to their livelihood and well-being.

According to the 2008/2009 Household Survey conducted by the NWT Bureau of Statistics, there were more than 3,000 NWT residents over the age of 15 who participated in producing some form of art or craft.

Table 3.1 provides a breakdown of participants at a regional level. The North Slave region is by far the leader when it comes to the number of people who produce arts and crafts in the territory. The North Slave region is followed by the Beaufort, Dehcho, South Slave and Sahtu regions in number of participants in the sector.

The survey also identified people who sold arts and crafts items in the NWT. It was reported that 924 producers in the NWT sold items they produced. As highlighted in table 3.2, the majority earned revenue of less than $1,000.

TABLE 3.1 NUMBER OF ARTS AND CRAFTS PRODUCERS BY REGION

Region	Number of People that Produce Arts and Crafts
Beaufort Delta	727
Dehcho	574
Sahtu	230
South Slave	521
North Slave	896
Total	**2,948**

Source: NWT Bureau of Statistics - 2009 Community survey

TABLE 3.2 TOTAL INCOME EARNED BY ARTS AND CRAFTS PRODUCERS

Value	Percentage
Less than $250	33%
$250 to $999	36%
$1,000 or More	27%
Not Stated	4%
Total	**100%**

Source: NWT Bureau of Statistics - 2009 Community survey

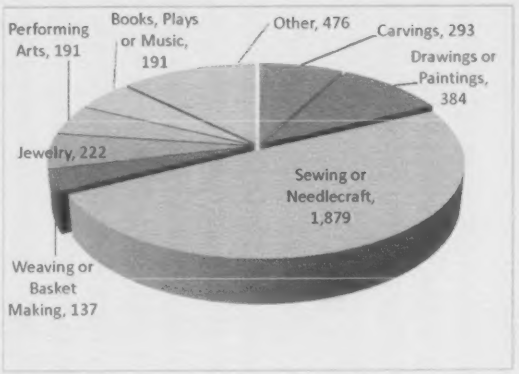
Today's NWT arts and fine crafts industry is quite diverse, and is characterized by a wide range of traditional and modern activities. Production is primarily a cottage-based industry. Individuals often produce and sell products independently, frequently out of their homes. Products are also sold to local retailers and cooperatives.

Chart 3.1 provides a breakdown of the number of participants by the type of art or craft they produce. Artists may produce more than one type of art or craft, hence the total for the number of participants in this chart is more than the number of total arts and crafts producers on the previous page. By far, the majority of participants in this sector create sewing or needle craft products, representing 50% of all goods produced, followed by drawings or paintings (10%) and carvings (8%).

Type of Business

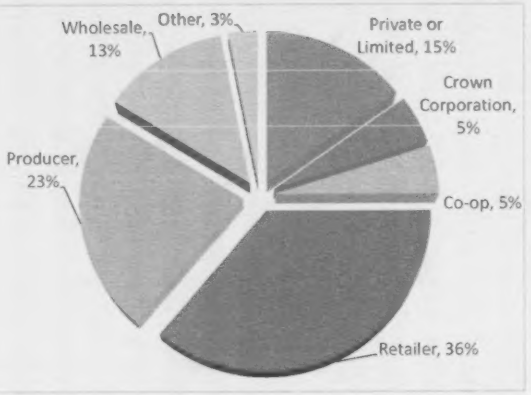
Chart 3.2, illustrates that the majority of businesses surveyed were identified as a retail business. There is a strong correlation between the retail and producer categories. This highlights the strong presence of self-producing businesses. A predominant number of respondents are artists and their retail business is operated around their own art or fine craft products.

CHART 3.1 TYPE OF ARTS OR CRAFTS



Source: NWT Bureau of Statistics - 2009 Community survey

CHART 3.2 BUSINESS TYPE

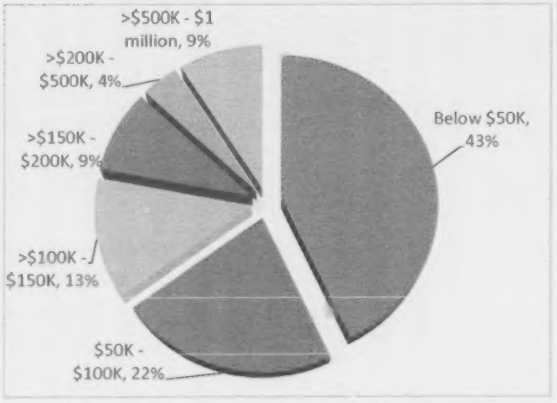


Source: GNWT 2008 Arts Retail Survey

CHART 3.3 ANNUAL SALES BY THRESHOLD

Arts and fine crafts retailers in the NWT are well established long term businesses. The majority have been in business between three and 10 years. The vast majority of retailers in the NWT (43%) are relatively small businesses, with annual gross revenues of less than $50,000.

Another 22% reported annual gross revenues from $50,000 - $100,000, and there were many that reported significantly higher sales. In fact, 35% of all retail business surveyed in 2008 reported gross revenues in excess of $100,000.



Source: GNWT 2008 Arts Retail Survey

INDUSTRY OUTLOOK

With tourism anticipated to increase by an average of 2.8% per year over the next five years, the outlook for the arts and crafts sector is positive, with continued modest growth on a year over year basis.

ARTS -FILM INDUSTRY

Statistics on the NWT film industry are limited, as employment and expenditure data is not released by Statistics Canada.

However, the NWT has enjoyed some notable successes in attracting investment compared to other regions of Northern Canada. In recent years there's the filming of seasons one and two of the Ice Road Truckers and the ongoing Ice Pilots series, now in season three production. Conservative estimates place the value to the NWT of this type of production at approximately $100,000 in direct expenditures, each year.

In April, 2010, Yellowknife hosted a crew of 40 filming a Zott Yoghurt commercial. The crew spent a total of 120 days in the city, which would amount to a minimum expenditure of $12,000.

The Town of Inuvik estimates the filming of the Tropicana television spot in January 2010 brought $250,000 to Inuvik. Inuvik also hosted a crew of six from London, England filming "Smart Car stories" for broadcast in England. They would have spent, at a minimum, another $15,000 in the NWT on accommodation and other local supplies.

The GNWT spent $332,000 on video/film production in 2009-10, in part developing materials for showing at Northern House during the Vancouver Olympics. This represents a four-fold increase over GNWT expenditures the previous year.

Native Communications Society and Inuvialuit Communications Society develop a variety of productions each year for the national aboriginal network APTN. ICS estimates documentaries cost in the range of $60,000. They produce four to six documentaries per year depending on the amount of travel involved in the Inuvialuit region. There are currently three staff involved in television at NCS, with two more to be added in the new year, for planned 50 days of production, involving translators, camera operators, sound techs and production assistants.

It is difficult to predict future investment, but the NWT Film Commission will continue to promote the NWT for commercials, as well as for production series like "Ice Pilots".

(Source: Outcrop research)

CHAPTER 4

CONSTRUCTION

Despite the economic recession, the NWT construction industry is expected to see continued growth. Territorial and federal initiatives, continuing transportation infrastructure investments, construction of several new mines, and expansion of some existing mines should keep this industry buoyant.

Construction Industry in the NWT

The vast majority of Canadian construction firms are small, with more than 90% having fewer than 20 employees, and approximately 75% reporting annual revenues of less than $250,000.

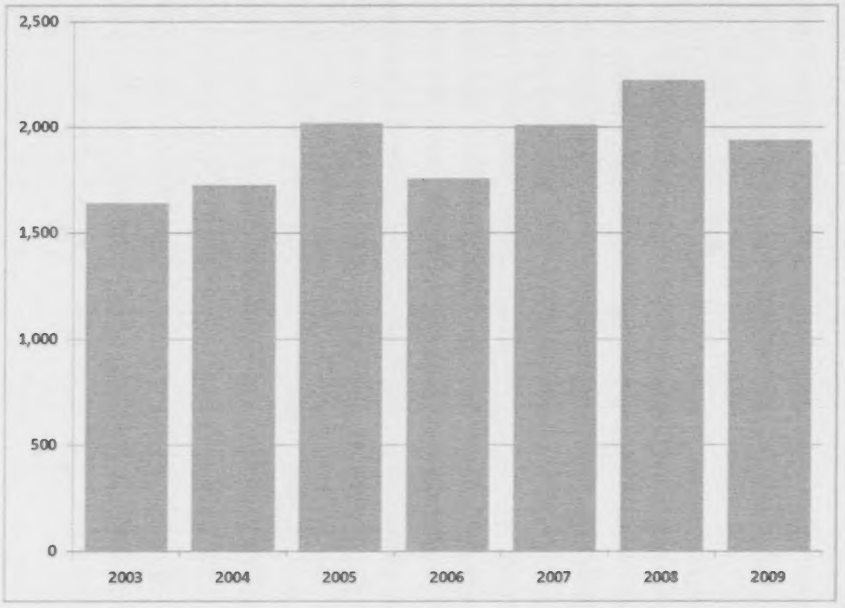
Most NWT companies are also small. However, there are lots of opportunity. Many existing construction firms that started out with little more than a tool box and a pickup truck are now relatively large businesses employing dozens of workers throughout the NWT and, in many cases, Nunavut. In fact, a few have established branch offices in southern Canada. Some have even undertaken projects abroad. For example, in the early 1990s, Clark Builders erected an entire village in Yakutsk, Siberia based on plans developed by FSC Architects & Engineers of Yellowknife. Clark Builders has also constructed an airport, a hotel and housing in Japan and China. Adco North has applied its experience in the NWT to install power stations in Chile and the Grand Cayman Islands.

Conversely, recent hyperactive economic activity here in the NWT has been attracting some major southern Canadian construction firms, such as Ledcor and SNC-Lavalin.

Employment

The construction industry employed an average of 1,937 workers in 2009. This represents approximately 7.2% of the total territorial workforce and almost 9% of private sector employment.

CHART 4.1 CONSTRUCTION EMPLOYMENT

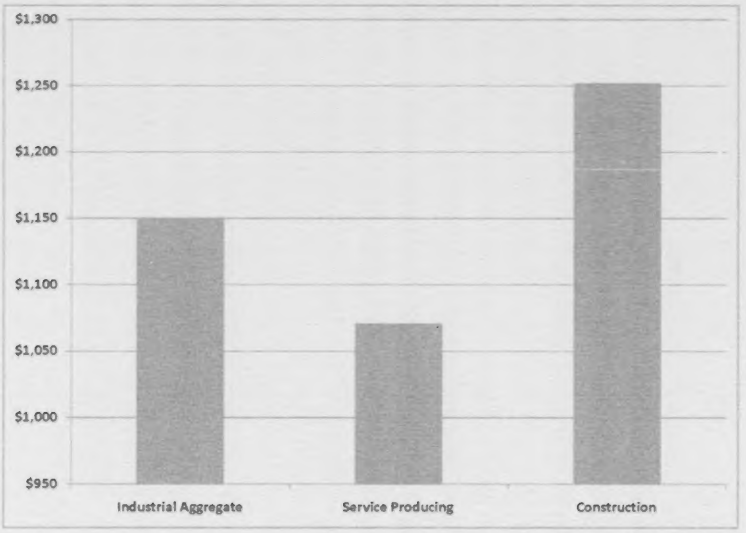


Source: Statistics Canada

Income

Construction workers in the NWT averaged weekly earnings of $1,252, making this one of the highest earning sectors in 2009. Workers were paid a total of $317 million, approximately 14% of the NWT's total employment income.

CHART 4.2 AVERAGE WEEKLY EARNINGS - 2009



Source: Statistics Canada

Contribution to the Economy

As in southern Canada, the NWT construction industry has a disproportionate impact on the local economy by virtue of its better-than-average spin-off benefits. The Market Research Corporation estimates that every new Canadian construction job creates three more in the national economy.

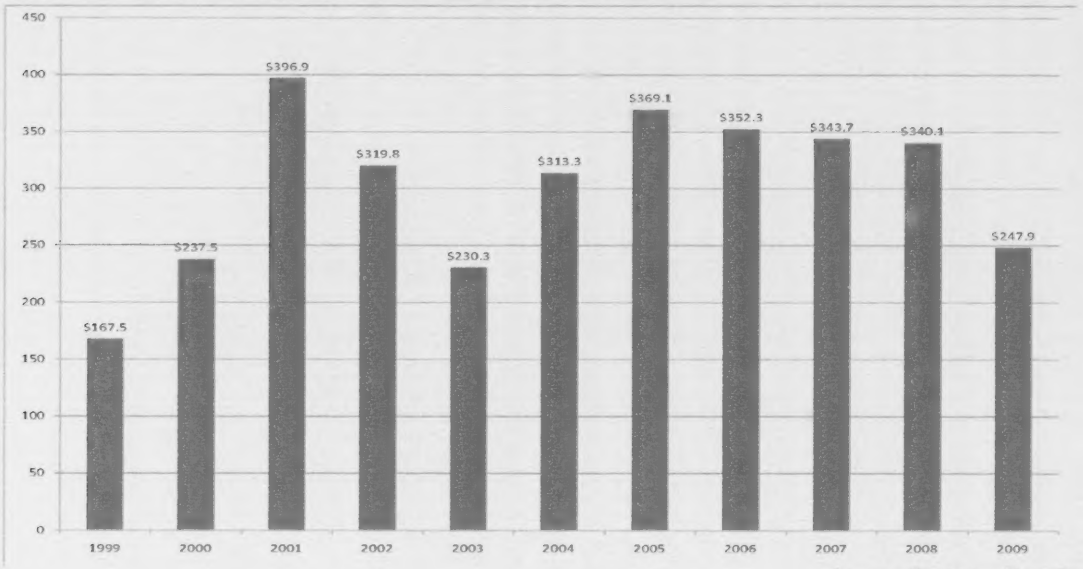
The NWT Statistics Bureau's input-output model estimates that every $1 million in construction investments creates as many as 3.8 jobs in the territorial economy, and every dollar of construction investment contributes up to $0.4 to the NWT's GDP.

In 2009, the NWT construction industry contributed $248 million to territorial GDP (chained 2002 dollars), or 8% of total GDP. This makes construction the territory's third largest private sector incustry behind mining.

The construction sector grew by 49% between 1999 and 2009. Not surprisingly the level of construction activity dovetailed closely with the construction of the diamond mines.

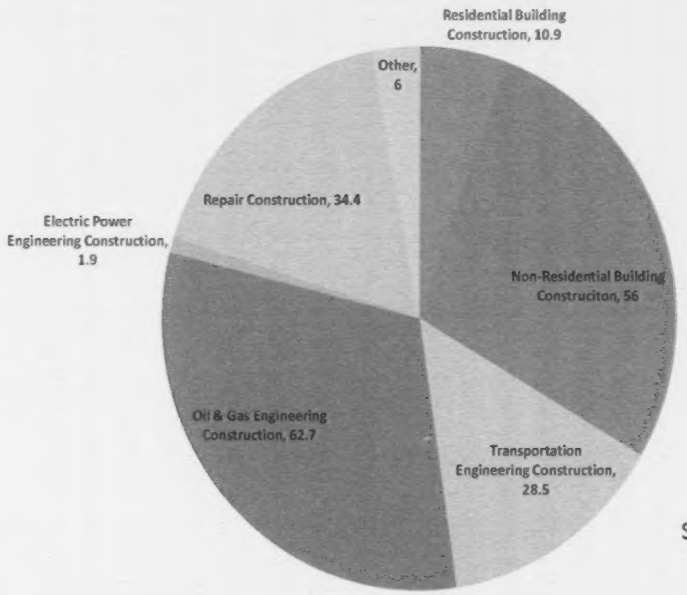
CONSTRUCTION CONTINUED

CHART 4.3 GDP IN THE CONSTRUCTION INDUSTRY (IN $ MILLIONS)



Source: Statistics Canada

CHART 4.4 BREAKDOWN OF CONSTRUCTION BY TYPE OF PROJECT (IN $ MILLIONS)


Residential Building Construction, 10.9
Other, 6
Repair Construction, 34.4
Electric Power Engineering Construction, 1.9
Non-Residential Building Construciton, 56
Oil & Gas Engineering Construction, 62.7
Transportation Engineering Construction, 28.5

Source: NWT Bureau of Statistics, 2009
Chained 2002 Dollars

Construction Indicators

Value of Building Permits

The total value of all building permits in the NWT climbed by 88% in 2009 to $164 million from $87 million in 2008. The value of permits for institutional and government increased to $92 million from $17 million the previous year.

Non-Residential Investment

Total non-residential investment increased by 25% in 2010 to $147 million from $118 million in 2009. This was largely because investment in institutional and government investment increased to $70 million in 2010 from $48 million in 2009.

INDUSTRY OUTLOOK

The outlook for the construction industry is positive. With the projected increase in exploration expenditures for the NWT's mining sector, it is anticipated that this increase in activity will lead to a rebound in activity in the construction industry after a couple of difficult years due to the recent economic recession.

CHAPTER 5

ENERGY

In October 2008, the GNWT released the Energy Priorities Framework, which identifies a wide range of actions and initiatives to achieve its energy goals and priorities. The primary goals are to minimize the NWT's reliance on imported fossil fuels and to decrease the cost of living throughout the territory.

Energy Resources in the NWT

The abundant energy resources of the NWT are largely untapped and provide the territory with a strategic resource to support future economic development.

More than 1.2 billion barrels of recoverable oil has been discovered and up to 7 billion barrels of ultimate recoverable oil reserves. Also, it is estimated that the NWT has 16 trillion cubic feet (tcf) of recoverable natural gas and up to 81 tcf of ultimate recoverable natural gas reserves.

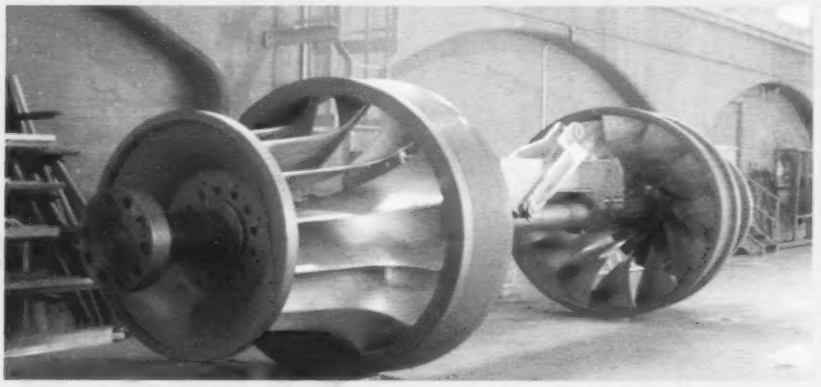
On the renewable energy side, with over 11,000 megawatts of hydroelectric potential, our northern rivers could be a source of clean, sustainable energy. In addition, there is also potential for the development of other renewable energy alternatives, including the establishment of wind, biomass and geothermal energy. Displacing imported diesel is a key long-term objective in the NWT.

Structure of the Sector

The NWT is served by three electrical utilities - the Northwest Territories Power Corporation (NTPC), Northland Utilities Ltd. (NUL-NWT), and Northland Utilities Ltd. (NUL-YK).

NTPC is owned by the GNWT and provides nearly all electricity generation in the territory, distributing power to 45% of the population. The two NUL companies distribute power to the other 55% of the population located in eight communities. They generate their own electricity in four of these communities.

Currently, electricity in the NWT is generated in three ways - hydro, diesel fuel or natural gas. Eight communities rely on hydro power for electricity, 23 communities rely on diesel and two depend on natural gas.



NWT Hydro Capacity

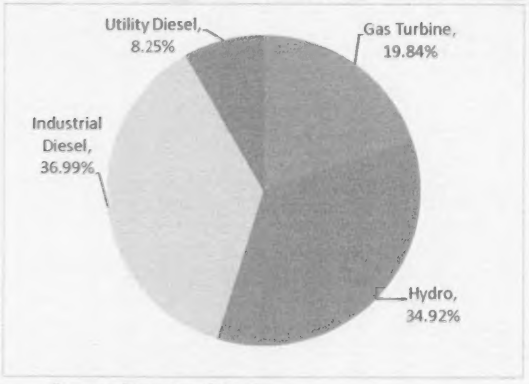
Currently, the NWT has seven hydroelectric facilities that produced 254,000 megawatt hours of electricity in 2009. The Bluefish site, located just north of Yellowknife, produced 53,000 megawatt hours of electricity, and the Taltson Twin Gorges facility produced 61,000 megawatt hours. The remaining five facilities are all situated along the Snare River system, generating 140,000 megawatt hours of electricity. The total potential for hydro development in the NWT is presented in the table below.

TABLE 5.1 NWT HYDRO POTENTIAL BY SELECT RIVER (IN MEGAWATTS)

River	Developed	Undeveloped Potential	Proposed Development (MW)
Bear	0	568	126
La Martre	0	27	1
Lockhart	0	269	0
Mackenzie	0	10,450	0
Snare	30	33	13
Snowdrift	0	1	1
Taltson	18	172	35
Yellowknife	7	0	0
TOTAL	**55**	**11,520**	**176**

Source: Draft NWT Hydro Strategy

CHART 5.1 2009 ELECTRICAL GENERATION PERCENTAGE BREAKDOWN



Source: Statistics Canada

Not including industrial electricity production, two-thirds of NWT residents' electricity comes from hydro generation.

The remaining one-third of utility electricity comes from internal combustion, either from diesel or natural gas.

When industrial electricity production is included, the total percentage of hydro production in the NWT decreases to 35%, as the three diamond mines and the Norman Wells oil field produce more electricity than all NWT utility production combined.

A REVIEW OF THE ELECTRICITY REGULATIONS, RATES AND SUBSIDY PROGRAMS FOR THE NWT'S ELECTRICITY SYSTEM

The Public Utilities Board has issued its decision on a new approach to the NWT electricity rates. This new approach to electricity rates is a key initiative of the GNWT 16th Legislative Assembly. The new electricity rates are the result of a two-year process that included residents, businesses and communities across the NWT. This process resulted in the GNWT issuing its response to the Electricity Review exercise titled, *"Efficient, Affordable and Equitable: Creating a Brighter Future for the NWT Electricity System"*. Through the actions detailed in the response to the Electricity Review, the GNWT committed to taking a leadership role to ensure the electricity system is efficient, affordable and all communities in the NWT have equitable access to electricity. The GNWT response:

- Recognized electricity as an essential service in NWT communities, requiring a territory-wide system;
- Took action to dramatically lower the cost of electricity in most NWT communities;
- Reduced the cost of living and the cost of business, making our smaller communities more competitive and sustainable;
- Helped stabilize costs for all NWT communities and protect against unexpected price increases; and
- Took measures to ensure that our electricity system is efficient and transparent.

The Territorial Power Subsidy Program (TPSP) is intended to provide communities with a comparable level of service as residents in Yellowknife. The winter thresholds for the TPSP will be increased from 700 to 1,000 kilowatt-hours per month and decreased to 600 kilowatt-hours per month in the summer. Families in thermal communities that do use 1,000 kilowatt-hours will see their bills reduced between $150 and $300 per month. Twenty-two communities will see their electricity costs go down. This will have a significant impact, particularly for businesses, as shown below.

TABLE 5.2 ELECTRICITY RATE COMPARISON

Community	Residential Electricity Rates (¢/kWh)		Commercial Electricity Rates (¢/kWh)	
	Previous Rate	New Rate	Previous Rate	New Rate
Tuktoyaktuk	70.8	47.39	62.86	40.2
Deline	83.2	47.39	78.51	40.2
Nahanni Butte	166.4	47.39	214.65	40.2
Hay River	26.7	26.7	20.76	20.76
Fort Smith	16.36	16.36	12.88	12.88
Yellowknife	22.08	22.08	17.6	17.6
Fort Resolution	20.75	16.36	18.02	12.88

Source: ITI - Energy Planning Division

INDUSTRY OUTLOOK

Hydroelectricity will continue to provide the greatest opportunity to meet the needs of future community and resource development. The NWT has a tremendous wealth of energy resources and the development of these resources would not only displace imported fuels, but could also provide opportunities to develop new economic opportunities in regions and at the community level.

CHAPTER 6

FISHERIES

Fish stocks in the NWT are harvested for subsistence, commercial and recreational use. Fisheries in smaller NWT communities are of considerable importance. Not only does this contribute to the residents overall diet, it also helps stimulate the local economy.

Freshwater Fishing and the Economy

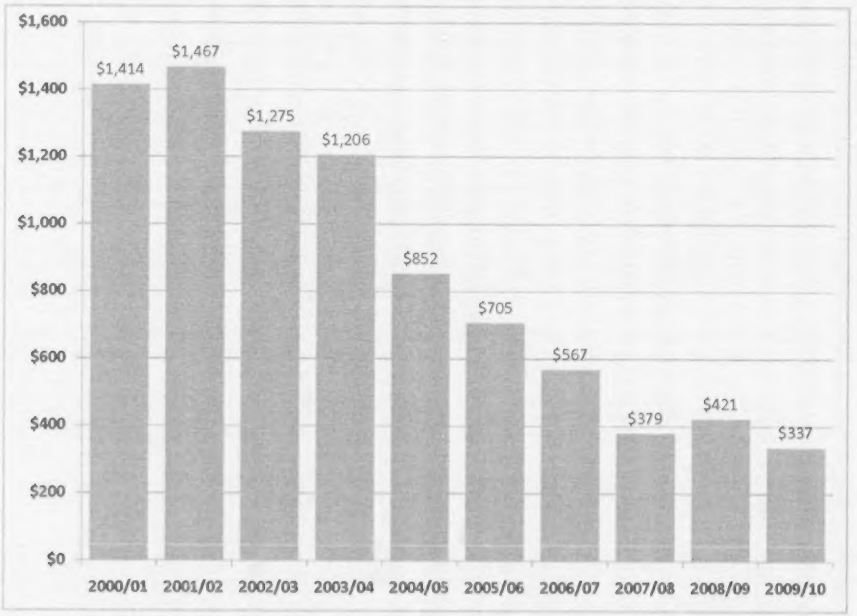
NWT freshwater fisheries support subsistence domestic use, sport fishing and commercial fishing. Many Aboriginal families partake in subsistence fishing for both food and for sport.

Sport fishing is very popular with many residents of the NWT and is a major contributor to the tourism industry.

There is one well-established commercial freshwater fishery in the NWT - the Great Slave Lake fishery. Chart 6.1 highlights the value of the industry since 2000/2001. Production from the commercial freshwater fish industry has been steadily declining since its peak in 2000/2001 when it was valued at $1.5 million. In 2009/2010, however, the industry was valued at $337,000, a decline of 78%.

The NWT supplies about 1% of Canadian freshwater fish. Whitefish is commercially harvested from Great Slave Lake and makes up 81% of the lake's total harvest. Unlike Alberta, whitefish volume has fallen significantly in recent years. Other provinces also harvest significant amounts of perch and pickerel, which command higher prices (up to 2-3 times the price of whitefish).

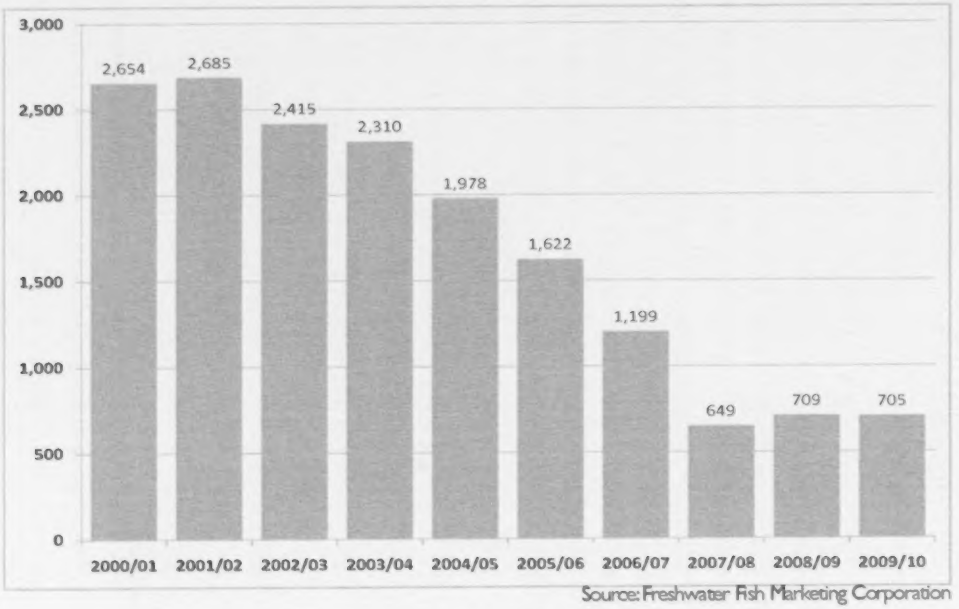
CHART 6.1 VALUE OF THE NWT FISH HARVEST (IN 000'S OF $)



Source: Freshwater Fish Marketing Corporation

Chart 6.2 shows the total harvest in the NWT (in pounds) for the time period 2000/2001 to 2009/2010. Similar to the total value of the industry illustrated in Chart 6.1, the total harvest has been experiencing a steady decline since its peak in 2001/2002. In 2009/2010, the total harvest of the freshwater fish industry was 705,000 pounds, only 26% of the volume harvested over 2001/02.

CHART 6.2 TOTAL FISH HARVEST IN THE NWT BY WEIGHT (IN 000 LBS)



Source: Freshwater Fish Marketing Corporation

TABLE 6.1 2007 FRESHWATER FISH HARVEST BY VOLUME IN TONES AND VALUE IN THOUSANDS OF DOLLARS

Species	QC		ON		MB		SK		AB		NT		Canada	
	Q	V	Q	V	Q	V	Q	V	Q	V	Q	V	Q	V
Alewife	-	-	-	-	-	-	-	-	-	-	-	-	1,164	256
Arctic charr	-	-	-	-	-	-	-	-	-	-	-	-	0	0
Burbot	-	-	0	0	-	-	-	-	-	-	-	-	0	0
Carp	46	16	19	9	366	171	-	-	-	-	-	-	431	197
Catfish	316	273	12	8	-	-	-	-	-	-	-	-	327	281
Eel	109	762	0	0	-	-	-	-	-	-	-	-	146	908
Goldeye	-	-	-	-	-	-	-	-	-	-	-	-	0	0
Inconnu	-	-	-	-	-	-	-	-	-	-	-	-	0	0
Lake trout	-	-	227	205	40	30	295	192	-	-	39	20	600	447
Perch	37	190	5,123	17,644	148	475	-	-	0	0	-	-	5,307	18,308
Pike	-	-	19	20	1,099	694	391	217	28	16	34	18	1,572	965
Rock bass	-	-	-	-	-	-	-	-	-	-	-	-	0	0
Salmon	-	-	0	0	-	-	-	-	-	-	-	-	0	0
Sauger	-	-	0	0	172	491	-	-	-	-	-	-	172	491
Shad	-	-	0	0	-	-	-	-	-	-	-	-	2	2
Smelt	47	57	872	411	-	-	-	-	-	-	-	-	920	467
Sturgeon	-	-	4	20	-	-	-	-	-	-	-	-	4	20
Lake Sturgeon	70	253	-	-	-	-	-	-	-	-	-	-	70	253
Atl.Sturgeon	38	229	-	-	-	-	-	-	-	-	-	-	38	229
Sucker (mullet)	5	2	1	0	1,808	623	500	139	-	-	-	-	2,313	764
Sunfish	-	-	109	216	-	-	-	-	-	-	-	-	109	216
Trout	-	-	-	-	-	-	-	-	-	-	-	-	0	0
Tomcod	-	-	-	-	-	-	-	-	-	-	-	-	0	0
Tullibee (1)	-	-	211	210	63	45	2	1	2	5	-	-	278	261
White bass	-	-	1,019	1,687	-	-	-	-	-	-	-	-	1,019	1,687
Whitefish	-	-	2,070	3,890	2,054	2,363	1,125	794	1,361	1,639	488	461	7,098	9,145
Whitefish Roe	-	-	-	-	-	-	-	-	-	-	-	-	0	0
Yellow Pickerel	-	-	3,878	12,017	5,829	18,849	475	1,497	34	84	29	87	10,245	32,534
Other fish	129	248	173	93	54	78	1	3	32	4	24	25	419	453
Total	797	2,030	13,737	36,430	11,632	23,818	2,788	2,843	1,457	1,748	614	610	32,234	67,885

Source: Fisheries and Oceans Canada

Benefits of High Quality

Quality, Canadian fish can command a premium price. For example, one Manitoba company ships packaged fillets from its Minnesota warehouse to anywhere UPS ships. These fillets are high quality, immediately processed and frozen to ensure freshness. They are wrapped in plastic and shipped in dry ice.

These Manitoba fish are sold in 3, 6, 9 and 11 pound boxes. The price for an 11 pound box of fillets is $135.00 US plus shipping. Whereas the average price paid to fishers in Canada is about $1.45 per pound, the direct market price for US customers is about $14.00 per pound.

Table 6.1 above provides a breakdown on the value and quantity for various species of fish harvested in various jurisdictions in Canada. This 2007 data is the most recent information available from the Department of Fisheries and Oceans.

Select NWT Commercial Species

Lake Whitefish

Lake whitefish is the main commercial fish in the NWT. It is traditionally one of Canada's most commercially valuable fish species. Its diet consists of a wide variety of bottom-living invertebrates and small fishes, with zooplankton occasionally making up the remainder of the diet.

The Northern Pike

The northern pike is one of the NWT's most well-known and widely distributed fish. In fact, this species has a circumpolar distribution, with populations occurring in nearly all parts of Canada, the northern United States, northern Europe, and Asia. Pike is a favorite sport fish for many tourists.

Lake Trout

Lake trout is a cold water species found throughout the NWT. Because these species do not tolerate warm water, lake trout from southerly populations is forced to retreat to the deep cold waters of the lakes.

INDUSTRY OUTLOOK

Fish is dependent largely upon market conditions in the US and a strong US dollar. Markets are still willing to take all fish harvested in the NWT but a weak US dollar is having a negative impact on sales income. Augmenting market values will be a surging interest in NWT fish in local, regional and territorial markets. Capturing, serving and sustaining these NWT markets will be critical to the future of the fishery. Export markets will continue to play a role, albeit possibly to a lesser extent.

CHAPTER 7
FUR

Agriculture, fisheries, trapping and commercial game harvesting generate income and employment for many NWT residents. Approximately 700 people participate in trapping, contributing an estimated $830,000 to the economy.

Traditional Economy within the Economy

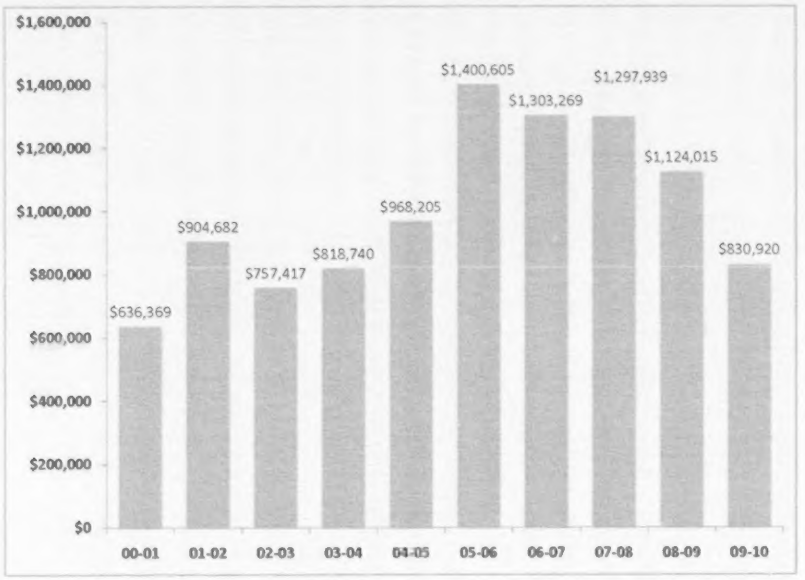
The traditional economy continues to be an important contributor to the overall NWT economy. It is defined as a system of production for both use and exchange, consisting of natural resource harvesting and processing activities. Providing food, fuel and other household needs, the traditional economy is a means of subsistence as well as a source of material for trade.

Up until the 1940s, this sector was the sole economic provider for a majority of residents in the NWT. It remains today, even with significant activity occurring in other economic sectors, a key contributor to the economic well-being of most communities in the NWT.

The traditional economy provides many households with the means necessary to supplement seasonal income, and reduce dependence on publicly funded social safety nets. It has and continues to be the most reliable, consistent source of economic benefits to residents, especially in smaller communities.

Trapping is critical to sustaining a traditional lifestyle. It provides food, material for clothing and most importantly, cash income. Most often the cash is reinvested back into the traditional activity often to purchase equipment or materials in support of future harvesting.

CHART 7.1 VALUE OF THE NWT FUR HARVEST ($)

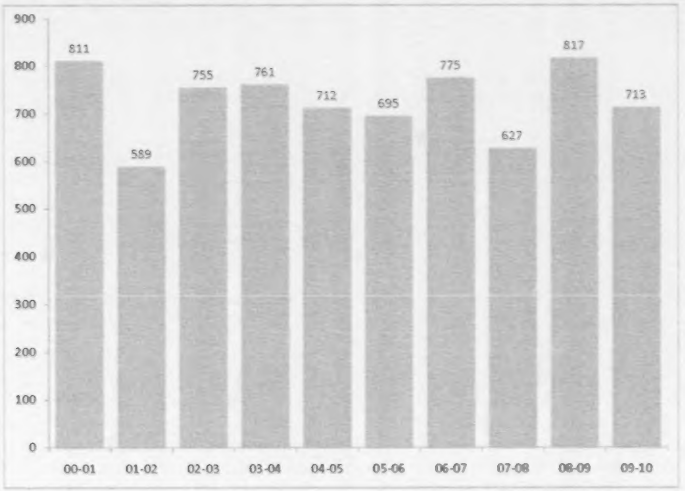


Source: ITI - Traditional Economy

Active Trappers

As highlighted in Chart 7.2, the number of active trappers across the NWT has remained fairly constant between 2000 and 2009. The GNWT provides programs, including financial support, which are delivered through the Regional ITI Offices. Training programs focus on young people to assist in developing hunting and trapping skills. Active trappers are predominantly male and of Aboriginal descent. The trapping demographic is made up predominantly of the 25 to 59 year old age group, followed by 60 years and older. The greatest increase is seen in the 60 years and older age group. Over a twenty year time span there has been a 13% decrease in the number of youth aged 15 to 24 trapping, however, since the Take a Kid Trapping program has been introduced in 2002, there has been resurgence in the number of youth trapping by 44%. Previous analysis revealed that the average age of a trapper was 60, the data supports this as this age group has grown by 47% since 1998.

CHART 7.2 ACTIVE TRAPPERS

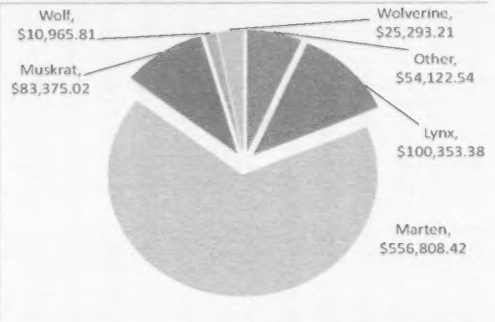


Source: ITI - Traditional Economy

CHART 7.3 VALUE OF SELECTED SPECIES (AUCTION PRICE)

Selected Species

Chart 7.3 shows the value of selected species in 2009-2010. Marten and lynx have the highest fur value, accounting for 72% and 13% of the total value respectively. Wild fur from the NWT is considered among the very best in the world and generally commands a high price at auction.



Source: ITI - Traditional Economy

TABLE 7.1 FUR PRODUCTION, BY PROVINCE AND TERRITORY ($000)

$ thousand	2003	2004	2005	2006	2007	2008
Canada	26,164	24,675	31,415	25,789	22,036	16,016
NL	963	718	1,085	326	552	494
Prince Edward Island	102	79	95	98	69	47
Nova Scotia	619	516	651	657	530	387
New Brunswick	915	729	1,124	1,067	697	536
Quebec	5,358	5,413	8,746	5,956	4,467	3,528
Ontario	6,470	7,397	7,135	4,885	4,604	2,607
Manitoba	3,039	3,109	3,288	2,974	2,675	2,003
Saskatchewan	2,866	1,688	2,002	2,967	1,979	1,185
Alberta	2,943	2,161	3,059	2,938	2,910	1,970
British Columbia	1,101	1,297	1,747	1,590	1,264	1,267
Yukon	282	241	429	389	486	308
NWT	812	970	1,410	1,309	1,301	1,124
Nunavut	694	357	644	632	501	561

Source: Statistics Canada

Benefits of Trapping

Trapping provides a cash income and enables Aboriginal people to continue a lifestyle that has been a tradition in the North for thousands of years.

Management of resources is done in partnership with the trapper, local wildlife management boards and government. All harvesting is monitored and analyzed to ensure that a healthy fur bearer population is sustained.

Trapping occurs in the coldest months, when the fur is prime, to ensure only top quality pelts are marketed. Prime means that the fur has reached its maximum length, density, and texture, in order to achieve the highest price at the fur auctions.

As an internationally traded commodity, pelt values fluctuate due to supply (harvest) and demand, based on what fashion dictates. In the past five year, emerging economies have influenced the fur trade by creating demand and increasing prices.

All fur bearing species are harvested in compliance with the International Agreement on Humane Trap Standards. The NWT has implemented these standards and enforced the use of certified humane traps.

Wildlife resources are not only an important part of our northern ecosystems, they are also an essential part of the cultural and economic well-being of northern residents.

INDUSTRY OUTLOOK

Fur is a global economy relying upon favourable market conditions and a strong US dollar. It is considered a "luxury good", and sales move with economic conditions. Market conditions have improved over the last 12 months but the US dollar is still weak against other currencies, and the US economy remains depressed. Markets should at least hold values if not see slight improvement over the next 12 months.

CHAPTER 8

MANUFACTURING

Manufacturing was showing significant growth between 1999 and 2005, when overall sales were approaching $100 million. At that time, there were over 30 businesses involved in manufacturing. Since then, sales have declined to $16 million, and there have been a number of plant closures.

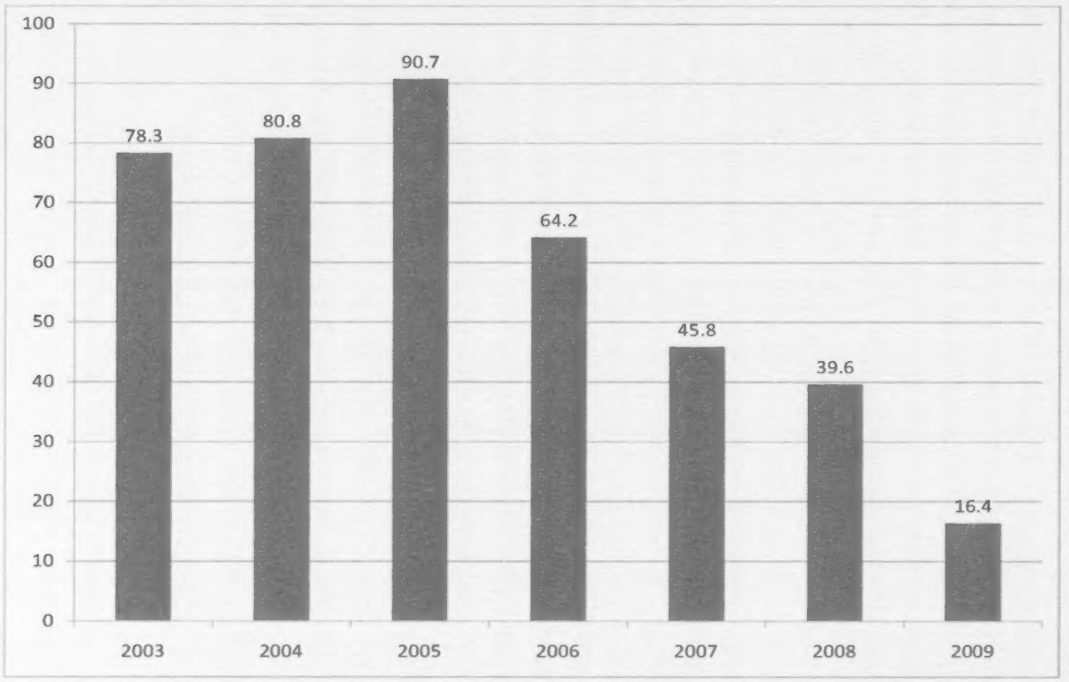
Manufacturing is dominated by diamond processing, metal fabrication, printing and building products. Overall sales have declined significantly over the past four years, from $90 million in 2005 to an estimated $16 million in 2009.

Manufacturing can reduce the NWT's reliance on imports, improving our balance of trade with the rest of Canada. This keeps jobs and opportunities within the territory. A viable manufacturing sector also provides employment and experience for northern residents.

NWT manufacturing can supply products developed in the North for northern conditions and tastes. For example, the Fort McPherson Tent and Canvas shop makes custom tents for exploration companies and harvesters.

In 2006, there were 360 residents engaged in manufacturing, of which 240 were employed in Yellowknife.

CHART 8.1 ANNUAL MANUFACTURING SALES ($MILLIONS)



Source: Statistics Canada

MANUFACTURING CONTINUED

According to Statistics Canada there are 15 manufacturing companies within the NWT. This compares to 45 in the Yukon and 12 in Nunavut. While manufacturing sales still exceed the Yukon, they have been declining. The Yukon has been actively promoting manufacturing and processing by offering a 2% income tax rate for all manufacturing and value added industries.

TABLE 8.1 NUMBER OF MANUFACTURING COMPANIES BY EMPLOYMENT SIZE AND REGION NORTH AMERICAN INDUSTRY CLASSIFICATION SYSTEM (NAICS 31-33) DECEMBER 2008

Province or Territory	Employers	Owner operators/ Indeterminate	Total
Alberta	5,408	3,508	8,916
British Columbia	8,018	4,988	13,006
Manitoba	1,629	858	2,487
New Brunswick	1,065	462	1,527
Newfoundland and Labrador	522	287	809
Northwest Territories	14	1	15
Nova Scotia	1,296	706	2,002
Nunavut	9	3	12
Ontario	22,215	15,385	37,600
Prince Edward Island	270	120	390
Quebec	15,629	8,126	23,755
Saskatchewan	1,167	790	1,957
Yukon Territory	29	16	45
CANADA	**57,271**	**35,250**	**92,521**

Source: Statistics Canada

Varied Manufactured Products

Although the secondary diamond industry makes up the majority of NWT manufacturing activity, the sector is quite diverse. Over the past five years, manufacturing has involved:

- Lumber milling, doors, windows, water tanks, cabinets, and other home products;
- Boxes, pallets, stakes, core boxes, timbers and other material for the mineral industry;
- Cleaning agents;
- Printing, silk screening, and publishing;
- Bottling, baking, canning and meat processing;
- Custom furniture;
- Boat building, log homes, engine rebuilding, komatiks, sleds, trailers and upholstery;
- Metal, wood and plastic signs;
- Canvas goods, bags, tents, jewelry, leather, shoes, tanned furs, clothing;
- Redi-mix concrete, trusses, sheds, planters, and related construction material; and,
- Crafts, including pottery.

INDUSTRY OUTLOOK

The GNWT continues to work towards establishing a strong, self-sustaining manufacturing industry in the NWT. An area of promise is value added mineral processing, including possible development of a hydromet mineral processing plant for Avalon's rare earth metal project. Other opportunities relate to manufacturing products for tourism or export, or meeting unique northern needs, like those from Fort McPherson Canvas and Tent. ITI is also planning to promote continued investment in the secondary diamond industry highlighting NWT diamond cutting and polishing.

CHAPTER 9

MINING

Mineral exploration provides significant direct employment. More importantly, without mineral exploration, future mines will not be developed, and mining will not be sustainable.

Mining - A Major Economic Force

Mining is the largest economic sector in the NWT. It is the main source of employment, creating over 2,500 direct jobs. Industry wages and salaries are the highest in Canada.

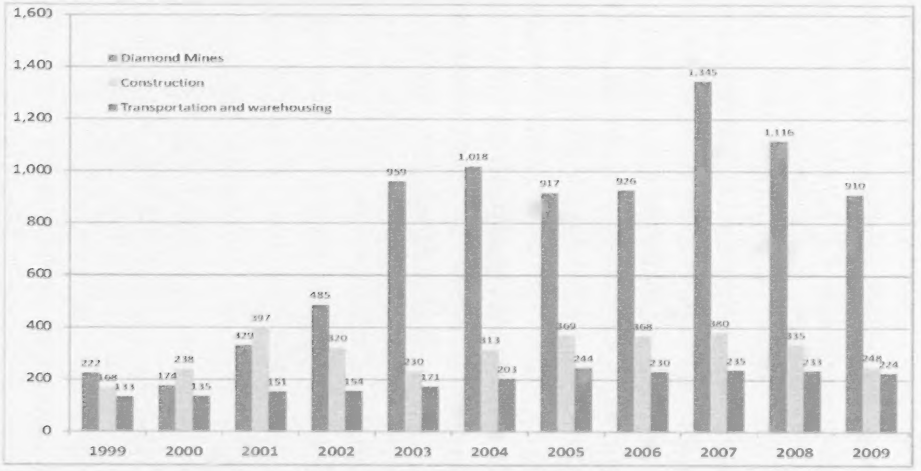
Aside from direct benefits, the industry generates business and jobs in the transportation, services, trade and construction sectors. While the NWT is a major diamond producer, the overall potential of mining remains largely untapped, with only a small portion of our vast potential being developed.

Unlike other sectors of the economy, little or no government incentives or financial support is required. However, the industry does require consistency in the application of regulations and environmental review, stability in land access and tenure processes, a modern geological database, and a positive investment climate. Successful exploration projects are critical in terms of future potential, since existing mines will close at some point in the future. Encouraging continued exploration is necessary to create a sustainable mining industry into the future.

Chart 9.1 highlights the overall impact of mining on the economy, as well as on construction and transportation. Diamond mining is the largest economic activity in the NWT, contributing over $900 million in 2009. This is down from a peak of $1.2 billion in 2007. Industry growth has had similar positive impacts on transportation and construction.

The impact of the recent economic recession has negatively impacted sales and employment. In an effort to remain competitive, all mines scaled back operations but are now returning to production levels that existed prior to the recession.

CHART 9.1 GDP BY SELECT SECTORS ($MILLIONS)



Source: Statistics Canada - Industry Accounts Division

Currently the NWT has three diamond mines and one tungsten mine in operation. Almost 100% of the value of production originates with diamonds. Diversification of the industry and its future are dependent upon exploration and the identification of new resources. Exploration expenditures by mining companies were $98.8 million in 2010, up from $44.1 million in 2009. NWT spending has also moved up from 2.3% in 2009 climbing to 3.5% of Canada's total expenditures for 2010.

TABLE 9.1 EXPLORATION EXPENDITURES, 2005-2010

Province / Territory	2005	2005	2006	2006	2007	2007	2008	2008	2009	2009	2010a	2010a
	($ millions)	(%)	($ millions)	(%)	($ millions)	(%)	($ millions)	(%)	($ millions)	(%)	($ millions)	(%)
Newfoundland and Labrador	48.7	3.7	100.8	5.3	148	5.2	146.7	4.5	54.9	2.8	72.3	2.6
Nova Scotia	6.5	0.5	11	0.6	23.5	0.8	21.4	0.7	9	0.5	23.5	0.8
New Brunswick	10.1	0.8	13.4	0.7	35.8	1.3	32.7	1	8.1	0.4	27.6	1
Quebec	205.1	15.7	295.1	15.4	476.4	16.8	526.1	16	379.3	19.5	575.7	20.4
Ontario	294	22.5	346.5	18.1	571.7	20.2	799.3	24.4	536.2	27.6	824.9	29.3
Manitoba	52.9	4.1	52.9	2.8	102.6	3.6	152.1	4.6	97.8	5	85.9	3
Saskatchewan	133.9	10.3	235.6	12.3	314	11.1	430.7	13.1	311	16	301.2	10.7
Alberta	6.6	0.5	18.7	1	11.8	0.4	20.8	0.6	8.3	0.4	16.8	0.6
British Columbia	218.1	16.7	344.2	18	470.6	16.6	435.4	13.3	217.1	11.2	352.8	12.5
Yukon Territory	54	4.1	106.4	5.6	144.7	5.1	134	4.1	90.9	4.7	157.4	5.6
Northwest Territories	96.3	7.4	176.2	9.2	193.7	6.8	147.7	4.5	44.1	2.3	98.8	3.5
Nunavut	178.7	13.7	210.6	11	338	11.9	432.6	13.2	187.6	9.6	280.6	10
Total	**1,304.80**	**100.0**	**1,911.50**	**100.0**	**2,830.80**	**100.0**	**3,279.50**	**100.0**	**1,944.40**	**100.0**	**2,817.50**	**100**

Source: Natural Resources Canada

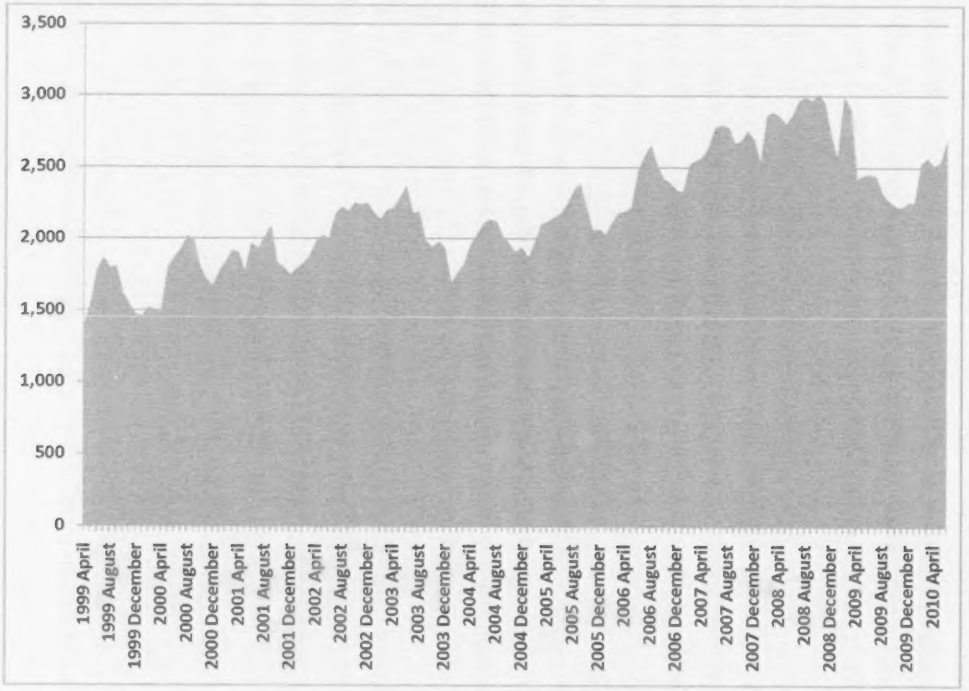
Includes on-mine-site and off-mine-site activities; field work, overhead costs, engineering, economic and pre- or production feasibility studies, environment, and land access costs.

a Preliminary estimates

Notes: Numbers may not add to totals due to rounding.

Exploration and deposit appraisal activities include only the search for and appraisal of deposits and do not include work for extensions of known reserves.

CHART 9.2 ESTIMATED MINING EMPLOYMENT



Source: Statistics Canada

Mining has been the major source of employment growth since 1999. As shown in chart 9.2, there was a decline over 2003/04 when the Con and Giant gold mines closed in Yellowknife, but the diamond mine development more than made up for this loss. Average monthly direct employment, between 2008-2010 was consistently over 2,000 employees.

Commodity Strength

Chart 9.3 plots average monthly prices of gold in Canadian dollars. The price of gold has been hitting record levels, and is now hovering around the $1,300 price range. These latest increases in price have been spurred by caution over the global economy, as well as the weakening of the US dollar.

Other commodity prices have also shown strength in relation to the world economic recovery. These increases in prices have lead to renewed exploration and investment.

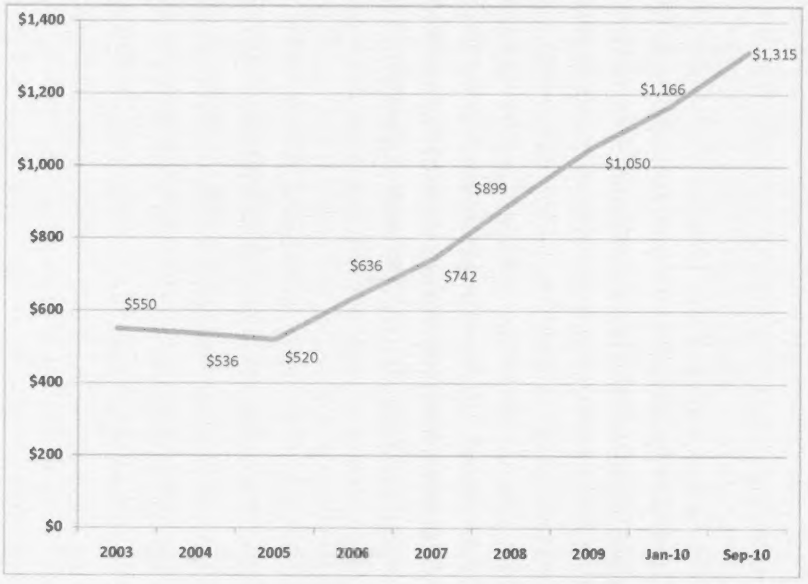
INDUSTRY OUTLOOK

There are seven advanced exploration projects. Combined, these projects have the potential to generate more than $2 billion in new investment and approximately 1,900 new direct employment opportunities.

Some of the advanced projects are Yellowknife Gold project (gold), Gahcho Kue project (diamonds), NICO project (gold, cobalt, bismuth), and Avalon Rare Earth Metals project (rare earth metals).

The Avalon Rare Earth Metals project could also result in the NWT's first hydromet mineral processing plant being developed at Pine Point.

CHART 9.3 GOLD PRICES - CANADIAN $



Source: www.kitco.com

CHAPTER 10
OIL AND GAS

The development of the NWT's oil and natural gas resources has long been a driving force within the NWT economy. Norman Wells, in particular, is one of Canada's largest oil fields. First developed during World War II, the field produces $500 million worth of oil annually. Aside from the Mackenzie Gas Project, there is renewed interest in petroleum exploration in the Beaufort Sea. Over the past two years, two major petroleum companies have invested billions in securing the rights to explore for Arctic petroleum.

Oil and Gas - Charting different Courses

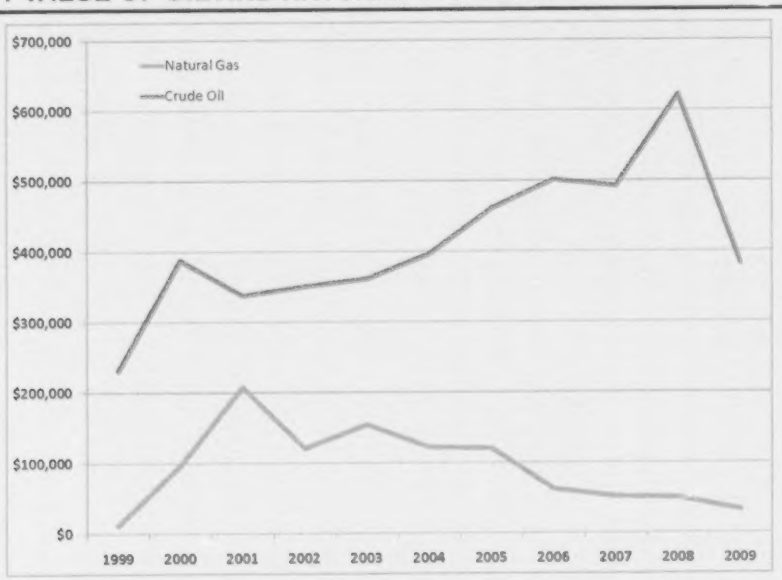
As highlighted in Chart 10.1, oil and natural gas sales have charted different courses between 1999 and 2008. After peaking at over $200 million in 2001, natural gas sales have declined steadily to $50 million in 2008. On the other hand, oil has benefited significantly from price gains, and sales exceeded $600 million in 2008. However, from 2008 to 2009, both commodities experienced a decline to $382 and $32 million respectively.

Current low natural gas sales reflect a lack of new investment in exploration and field development, especially in the southern NWT. As production from existing properties has declined, no replacement wells have come online. Weak natural gas prices have also contributed to overall sales declines.

Since 1999 the NWT has produced over 5.5 billion cubic meters of natural gas. Approximately 20% of this output is used for local needs, mainly industry needs at Norman Wells and local heating/electrical generation in Inuvik.

Oil, on the other hand, has benefited significantly from rising prices. Record prices over the first half of 2008 drove NWT sales to over $620 million. While the price of oil declined significantly over 2008/09, prices have rebounded and the outlook for the sale of oil remains positive.

CHART 10.1 VALUE OF OIL AND NATURAL GAS PRODUCTION



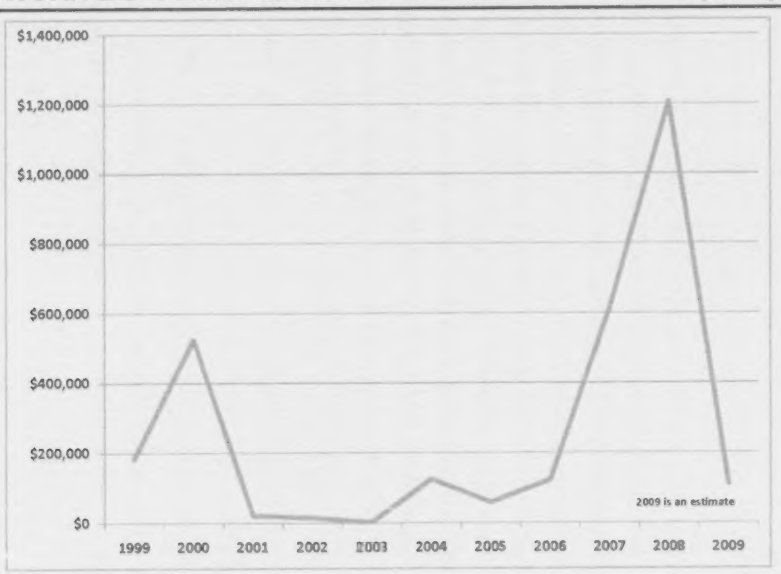
Source: Statistics Canada

Record Bids for Oil Exploration

As shown in Chart 10.2, the NWT experienced record work commitments on exploration licences for oil exploration rights in the Beaufort Delta in 2008. British Petroleum's (BP) record $1.18 billion commitment to secure a single exploration licence in the Beaufort Sea points to a 1970s-like oil rush. This followed 2007's expenditure commitment of $585 million by Imperial Oil Limited and Exxon Mobil Corporation.

Bids for work commitments on exploration licenses awarded in 2009 declined to approximately $111 million. A total of five exploration licenses were awarded.

CHART 10.2 WORK BID COMMITMENTS IN THE BEAUFORT AREA ($000)



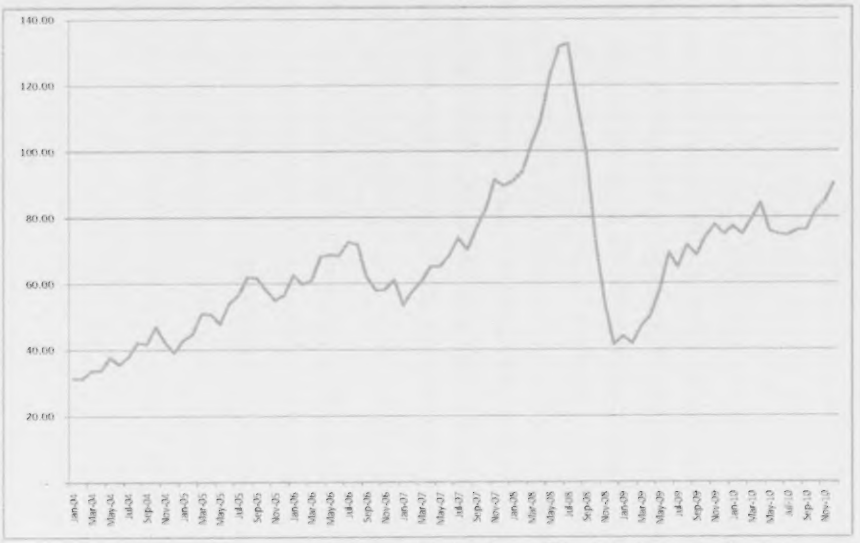
Source: INAC

INDUSTRY OUTLOOK

As shown in Chart 10.3, oil prices hit a record high in the summer of 2008. Due to the downturn in the economy since this time, the price of oil experienced a dramatic and rapid decline and the price of oil fell to $41 US by December 2008. Since then, the price of oil has rebounded and currently is hovering in the $90 US range.

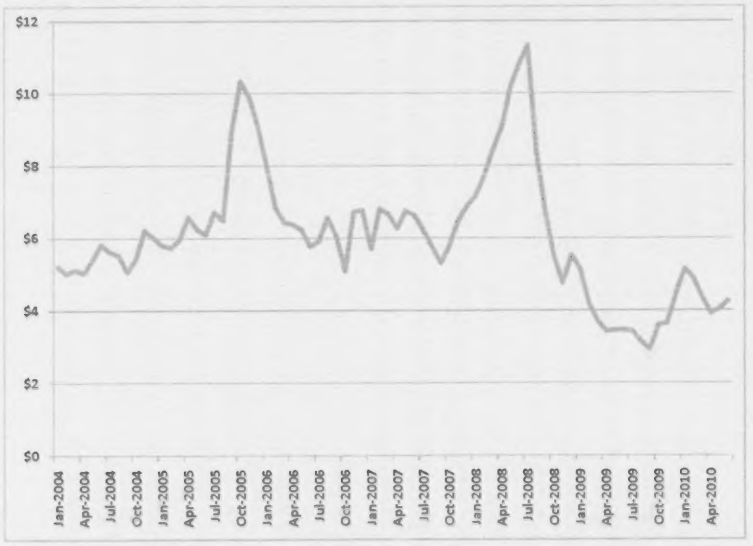
Chart 10.4 shows natural gas prices since 2004. Current gas prices have declined significantly. Market experts continue to expect weak prices for natural gas as new unconventional gas discoveries, such as shale, are developed. In addition, liquefied natural gas (LNG) from offshore projects in Australia, Saudi Arabia and Qatar is being shipped to North America.

CHART 10.3 OIL PRICES PER BARREL (US$)



Source: United States EIA - http:/www.eia.doe.gov

CHART 10.4 NATURAL GAS PRICES PER '000 CUBIC FEET(US$)



Source: United States EIA - http:/www.eia.doe.gov

CHAPTER 11

OTHER SERVICES

Service businesses are a major employer and contributor to NWT's economy. The combined service industry accounts for $630 million of GDP in sales, however, its overall share of the economy has been declining. This likely reflects the nature of resource development and major business financing in the NWT.

Services Within the Economy

While many businesses in these sectors are individually small, they collectively represent 20% of the total economy, or about $630 million.

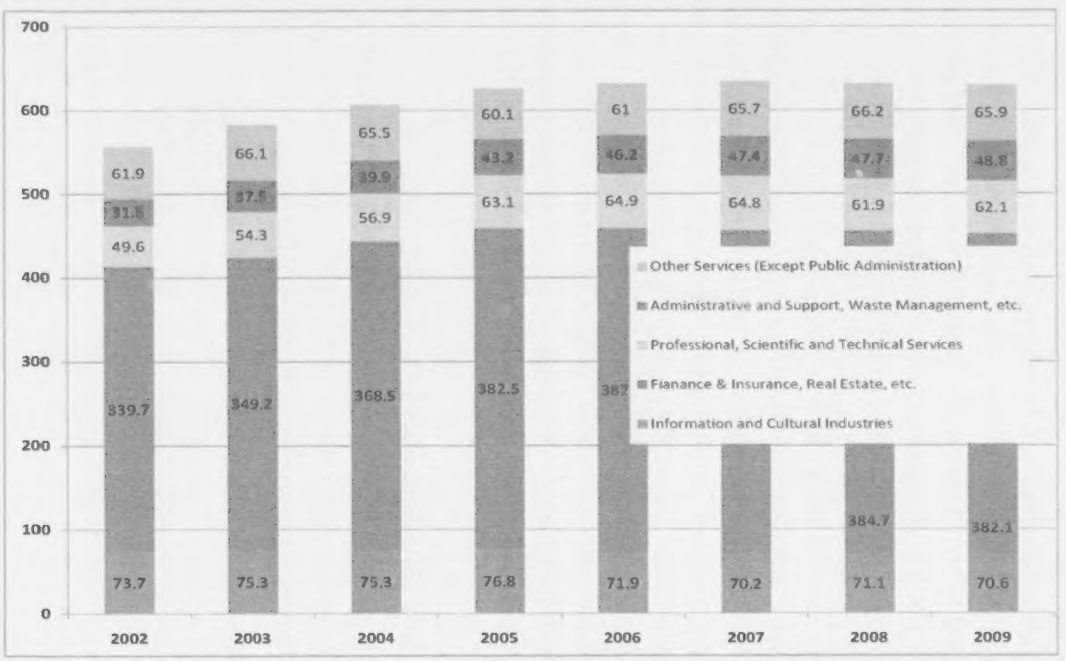
Services are usually classified as business or personal. For example, barbers provide haircuts, a personal service, while a payroll company provides a business service. Some businesses cater to both markets, such as an interior design or income tax business, who may provide services to both businesses and individuals.

Chart 11.1 highlights GDP trends by a number of service industries in the NWT, including finance, insurance, information, administration and other services.

Overall growth has lagged the resource sector, with the service sector's share of the economy being 20% in 2009. Even so, industry GDP have increased by more than $73 million since 2002.

The largest service industry is finance and insurance, which accounts for 61% of other service industry sales.

CHART 11.1 SERVICES CONTRIBUTION TO GDP ($MILLION)

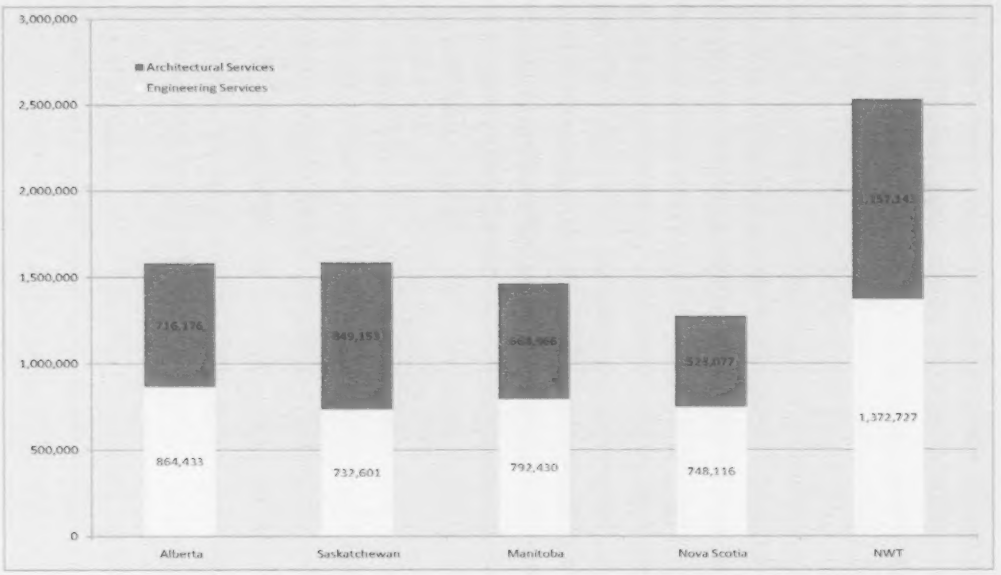


Source: Statistics Canada

Strong Revenues

Chart 11.2 plots average revenues for Professional Service firms in the NWT compared to select provinces. Professional services are infrequent, technical, or unique functions performed by independent contractors or consultants whose occupation is the delivery of such services. As is evident from Charts 11.2, professional services in the NWT have significantly higher average revenues than other provinces. In fact, the average architectural business in the NWT has revenues 68% higher than in other provinces, while engineering revenues are 75% higher.

CHART 11.2 AVERAGE REVENUE BY BUSINESS - HIGHEST REVENUES IN CANADA



Source: Statistics Canada,CANSIM

INDUSTRY OUTLOOK

As with most sectors in the NWT, any expansion in the "other services" sector will be dependent upon development in other sectors as well as the associated population growth. With the anticipated increase in activity in the mining sector, it is expected that "other services" will benefit from the indirect benefits associated with mineral investment and population growth.

CHAPTER 12

RETAIL TRADE

Retail trade includes a wide range of businesses: the corner store, department stores, video sales, automotive repair and service stations, to name a few. The majority of retail businesses are small and owned by local residents. There are also larger companies like Walmart and Northern Stores.

Retail Trade's Contribution to the Economy

On a regional basis, retail sales are largely determined by population and disposable incomes, which is the portion of total income left after basic living expenses.

As shown in Chart 12.1, the contribution of retail trade to GDP has increased from $81 million in 1999 to $113 million in 2009, an increase of $32 million. Growth has averaged about 3.4% a year over this period. However, retail trade in 2009 experienced a slight decrease compared to 2008, with GDP declining by roughly two million dollars.

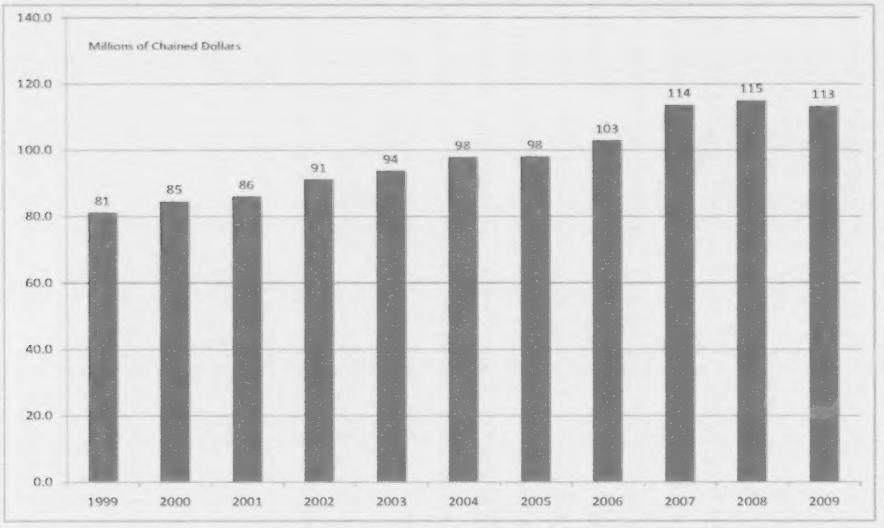
In general, the retail industry has kept pace with the NWT's record GDP growth. The retail sector's share of the economy has increased from 2.8% in 2004 to 3.6% in 2009.

One concern is industry investment, which has been declining by about 9% a year over the past 5 years, and has consistently been less than 1% of total investment.

Secondly, the NWT population has only increased by 270 residents over the past five years. While incomes have increased significantly, the lack of population growth has constrained retail markets.

The availability of labour is also a challenge. The winter 2007/08 survey of small NWT businesses by the Canadian Federation of Independent Business identified labour shortages as the main limiting factor for small business expansion.

CHART 12.1 RETAIL TRADE'S GDP CONTRIBUTION ($ MILLIONS)



Source: Statistics Canada

Retail Trade Operating Statistics

Financial information on NWT retail business is limited. Community or regional information is even more limited, as is detail beyond the basic industry level. There are no breakdowns by business size or regional location.

Gross margin or gross profit can be defined as the amount of revenue or sales left to the business after paying direct-fixed and direct-variable costs. These costs cover overheads (fixed commitments) and provide a buffer for unknown items. As shown in the table below, gross margins for NWT companies are similar to other retail firms in the Yukon and Prince Edward Island. However, for new car dealers in the NWT, the gross margin is significantly higher than PEI (data for the Yukon is not available). This is partly explained by higher operating costs in the NWT.

TABLE 12.1 RETAIL TRADE OPERATING REVENUE AND EXPENSES ($ MILLIONS)

	Operating revenues	Operating expenses	Cost of goods sold	Gross margin %
N.W.T.				
Total, all trade groups	776,246	164,680	537,658	30.7
New car dealers	182,417	28,994	140,661	22.9
Department stores and other general merchandise stores	143,474	31,397	96,210	32.9
Y.T.				
Total, all trade groups	585,033	129,237	422,422	27.8
New car dealers	N/A	N/A	N/A	N/A
P.E.I.				
Total, all trade groups	1,745,077	371,777	1,295,642	25.8
New car dealers	242,324	29,814	207,669	14.3

Source: Statistics Canada, 2008

Note: Data for new car dealers are suppressed for the Yukon and are not available.

TABLE 12.2 RETAIL SALES ($ MILLION)

Region	2004 ($ millions)	2005 ($ millions)	2006 ($ millions)	2007 ($ millions)	2008 ($ millions)	2009 ($ millions)	2009 Population ('000 people)	Per Capita Retail Sales	Growth over 5 years	Average 5 Year Rate of Growth
Canada	346,455	365,994	389,459	412,565	427,896	415,413	33,740	12,312	19.90%	4.6%
Newfoundland and Labrador	5,761	5,824	6,012	6,528	7,009	7,120	509	13,991	23.59%	5.4%
Prince Edward Island	1,386	1,424	1,509	1,621	1,703	1,681	141	11,922	21.28%	4.9%
Nova Scotia	10,301	10,527	11,141	11,616	12,089	12,102	938	12,899	17.48%	4.1%
New Brunswick	7,967	8,344	8,858	9,407	10,018	10,093	750	13,466	26.69%	6.1%
Quebec	78,453	82,456	86,505	90,406	94,806	93,740	7,829	11,974	19.49%	4.6%
Ontario	128,916	135,128	140,591	145,965	151,672	147,920	13,069	11,318	14.74%	3.5%
Manitoba	11,681	12,372	12,878	14,016	14,980	14,915	1,222	12,205	27.69%	6.3%
Saskatchewan	10,244	10,795	11,554	13,129	14,673	14,598	1,030	14,171	42.50%	9.3%
Alberta	43,349	48,486	55,972	61,487	61,614	56,478	3,688	15,315	30.29%	6.8%
British Columbia	47,219	49,379	53,133	56,930	57,783	55,222	4,455	12,395	16.95%	4.0%
Yukon	413	435	453	503	534	527	34	15,638	27.60%	6.3%
Northwest Territories	532	575	599	678	706	693	43	15,968	30.24%	6.8%
Nunavut	233	249	260	278	309	324	32	10,062	38.94%	8.6%

Source: Statistics Canada

Retail sales have demonstrated strong growth from 2004 to 2009 compared to the Canadian average, even though the NWT population remained relatively static. This likely reflects growing incomes in the NWT as a result of employment related to the mining industry, and a displacement of retail imports from southern Canada.

Retail sales increased from $532 million in 2004 to $693 million in 2009, an increase of more than 30% for the period. Only Nunavut and Saskatchewan experienced a larger growth rate in retail sales over this period.

For 2009, the NWT had the highest retail sales per capita in Canada. With a population in 2009 estimated at 43,000 people and total retail sales of $693 million, retail sales per capita for the NWT amounted to $15,968. This is 30% higher than the Canadian average of $12,312.

TABLE 12.3 CAPITAL EXPENDITURES ($MILLIONS)

Industry/Sector	2005	2006	2007	2008	2009	2010	Growth 09 to 10	% change
Total	1,469.4	1,848.3	1,994.8	1,561.6	1,589.4	1,200.2	-389.2	-24.5%
Agriculture, forestry, fishing and hunting	0.6	0.7	0.8	x	x	x	N/A	N/A
Crop production	0.0	0.0	0.0	0.0	0.0	0.0	0.0	N/A
Animal production	0.0	0.0	0.0	0.0	0.0	0.0	0.0	N/A
Forestry and logging	0.1	0.1	0.1	x	x	x	N/A	N/A
Fishing, hunting and trapping	0.4	0.3	0.3	0.3	0.3	0.3	0.0	0.0%
Support activities for agriculture and forestry	0.2	0.3	0.3	x	x	x	N/A	N/A
Mining and oil and gas extraction	1,042.0	1,443.3	1,469.0	1,052.2	973.3	652.5	-320.8	-33.0%
Utilities	26.8	26.7	30.6	30.2	20.7	24.7	4.0	19.3%
Construction	3.6	5.9	15.5	46.0	46.4	47.2	0.8	1.7%
Manufacturing	x	1.7	0.8	0.7	0.6	0.8	0.2	33.3%
Wholesale trade	2.3	5.0	8.4	11.9	11.0	12.7	1.7	15.5%
Retail trade	10.1	10.1	11.7	8.8	9.6	8.6	-1.0	-10.4%
Transportation and warehousing	76.0	83.4	150.6	98.1	70.5	69.3	-1.2	-1.7%
Information and cultural industries	24.9	22.0	24.0	24.4	x	x	N/A	N/A
Finance and insurance	7.6	8.3	11.0	7.2	7.7	9.1	1.4	18.2%
Real estate and rental and leasing	26.8	37.0	40.9	28.5	22.5	22.7	0.2	0.9%
Professional, scientific and technical services	6.5	2.6	3.3	4.3	2.7	5.6	2.9	107.4%
Management of companies and enterprises	0.5	1.6	0.7	x	x	x	N/A	N/A
Admin, Sup, Waste Mgmt & Remed Serv	4.6	5.2	3.1	2.4	2.9	3.2	0.3	10.3%
Educational services	9.3	16.4	28.6	35.1	62.6	56.1	-6.5	-10.4%
Health care and social assistance	11.4	7.1	12.9	20.2	32.8	4.7	-28.1	-85.7%
Arts, entertainment and recreation	x	x	0.3	x	x	x	N/A	N/A
Accommodation and food services	12.7	14.9	13.4	12.0	3.8	2.3	-1.5	-39.5%
Other services (except public administration	1.8	1.0	1.0	2.3	2.0	3.5	1.5	75.0%
Public administration	112.7	90.7	102.6	113.3	230.4	182.7	-47.7	-20.7%
Federal government public administration	21.3	11.8	11.8	13.4	10.7	17.5	6.8	63.6%
Provincial and territorial public administration	78.1	59.1	69.0	80.6	179.5	126.6	-52.9	-29.5%
Local, municipal and regional public administration	13.3	19.8	21.8	19.4	40.3	38.6	-1.7	-4.2%
Housing	87.2	63.8	65.5	61.8	64.7	72.5	7.8	12.1%

Source: Statistics Canada

INDUSTRY OUTLOOK

As shown in Table 12.3, total capital investment for 2010 decreased by approximately 24% over 2009. Capital expenditures for the retail trade sector decreased from $9.6 million in 2009 to $8.6 million in 2010. This decrease in investment represented a 10.4% decline from 2009 for the retail trade industry.

Investment represents future potential, as well as business perceptions of the economy. If businesses see a lot of potential growth, they will invest in new equipment or physical expansion. The decline in investment in 2010 suggests investors did not see enough market potential.

CHAPTER 13
TOURISM

Tourism is the largest renewable resource based industry in the NWT. It is considered an export, as it brings new dollars into the NWT and generates employment for many NWT residents. The NWT has a vast array of unique natural and cultural attractions, drawing people from around the world.

Tourism Within the Economy

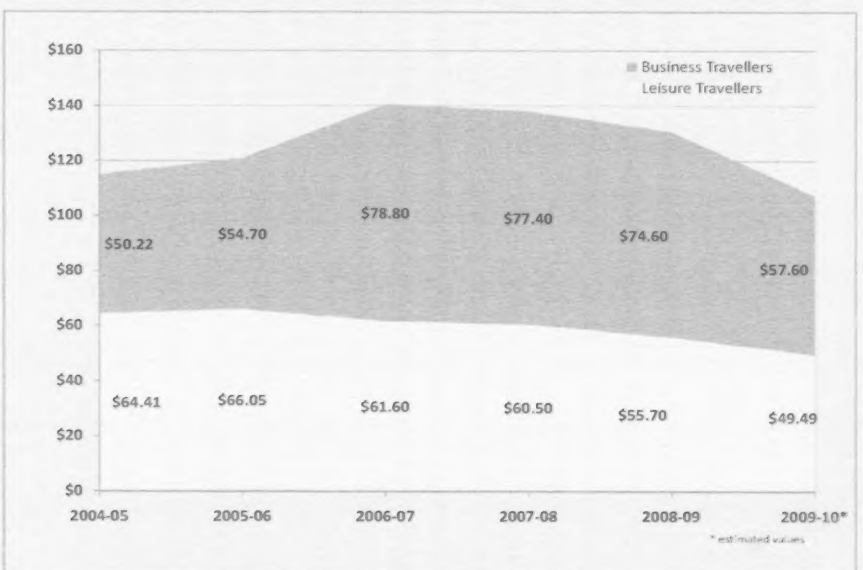
Tourism includes a number of different industries: transportation, accommodation, and food services, among others. The national definition of tourism includes both business and leisure travellers, but the forces generating demand can be quite different for these two travel sectors. In the last 10 years, the number of visitors from Japan has grown substantially, but visitation from other parts of Canada and the U.S. has remained relatively static. Efforts to attract tourism from other destinations, like Europe had limited success.

Chart 13.1 shows the contribution of visitor spending to the economy. With the downturn in economic conditions in late 2008, Canadian and international travellers started to cut back on business and leisure travel. The outbreak of the H1N1 influenza virus was another negative factor contributing to the decline in tourism numbers.

Overall tourism represents over 2% of the total economy. Its share of total economic activity has changed little over the past decade.

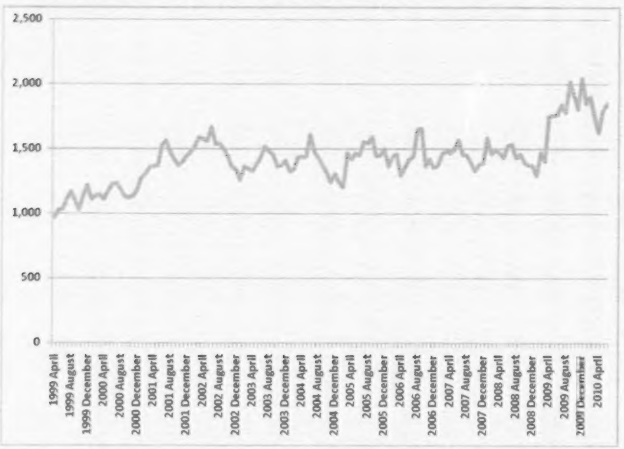
Tourism also provides an excellent market for local arts and crafts, an industry utilizing many traditional skills and supporting sustainable development.

CHART 13.1 VISITOR SPENDING ($MILLIONS)



Source: ITI - Investment and Economic Analysis

CHART 13.2 EMPLOYMENT IN THE ACCOMMODATION, FOOD AND SERVICES SECTORS



Source: Statistics Canada

Chart 13.2 shows the changes in monthly employment between 1999-2010. Significant declines were seen in 2001 and 2003. The changes in the current global economy negatively affected the accommodation, food and services sectors in the NWT between 2007 and March 2009. In April 2009, the number of people employed in these sectors increased significantly by 300, and has remained steady since. The highest increase in employment is seen during the summer months of June and July, followed by a decline in October and November.

TABLE 13.1 INTERNATIONAL TRAVEL

	January to December		
	2008	2009	Change 2009
Trips by non-residents	27,370,109	24,695,714	-2,674,395
United States	22,605,645	20,525,608	-2,080,037
Other Countries	4,764,464	4,170,106	-594,358
Trips by Canadian residents	51,737,257	47,484,064	-4,253,193
Returning from United States	43,613,245	39,254,148	-4,359,097
Returning from other countries	8,124,012	8,229,916	105,904
Total	**79,107,366**	**72,179,778**	**-6,927,588**

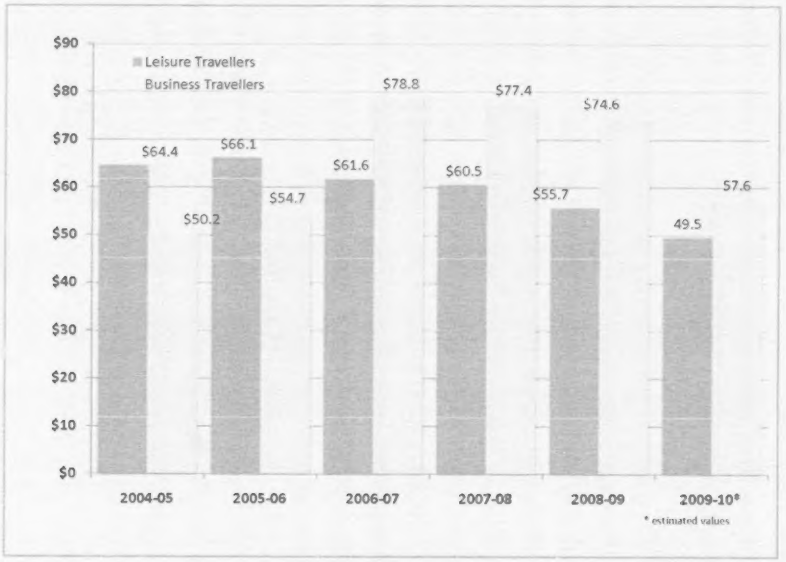
Source: Statistics Canada

Table 13.1 shows a comparison in international travel between years 2008 and 2009. The table includes data for residents from other countries entering Canada, as well as Canadians travelling abroad.

As indicated in the table the number of U.S. residents travelling to Canada declined in 2009 by 9.8%. The drop in travel for other international travellers is even higher, at 12.5%.

In 2009 we saw an increase in travel of Canadians abroad, with the exception of travel to the United States. While travel to the U.S. dropped by 8.2%, travel to other countries increased by 1.3%.

CHART 13.3 VISITATION TO THE NWT ($MILLIONS)



Source: ITI - Investment and Economic Analysis

The economic downturn in late 2008 negatively impacted business and leisure travel. Visitation to the NWT declined by 9.9% in 2009 compared to 2008. The highest decline was in business travel (22%), as many businesses cut back on travel. The most common cost-cutting initiatives were reducing overall travel budgets, reducing air travel, and sending fewer employees to meetings and conventions.

As of May 2009, with Air Canada, Canadian North, First Air and WestJet providing regular flights from Yellowknife to Edmonton, the number of visitors coming to visit friends and relatives increased by 39% between 2008 and 2009.

INDUSTRY OUTLOOK

The tourism industry is forecast to grow by an annual average rate of 2.8% over the next five years. However, annual growth rates will depend on the economic conditions in market countries. Although the NWT has a well-established tourism sector, there is still the potential to expand various segments of the sector, including cultural tourism, sight seeing and eco-tourism.

CHAPTER 14

WHOLESALE TRADE

Wholesale businesses are a major employer and contributor to the NWT's economic growth. Expansion in industry sales has been rapid. The industry is diverse, and includes businesses like fuel suppliers, hardware suppliers, office equipment, industrial supply, food wholesalers, and vehicle sales.

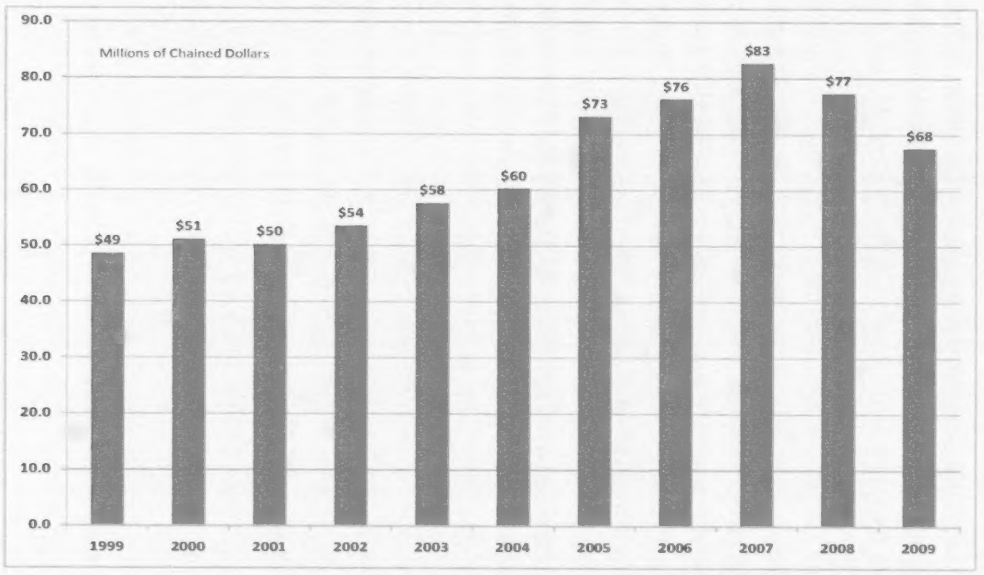
Wholesale Trade's Contribution to the Economy

The wholesale trade sector is a relatively diverse industry. Many wholesale businesses in the NWT tend to be closely associated with investment and industrial development. One example is equipment supply to mines and exploration sites. Others provide goods to service and retail/service businesses, which are more dependent upon population, incomes and tourism. Chart 14.1 plots wholesale trade as measured within the GDP.

In 1999, the wholesale industry contributed $49 million to the GDP. Its contribution has grown significantly since then and peaked in 2007 at more than $101.6 million. In 2009, the contribution to GDP for the industry was $67.5 million. While this represents a small share of overall GDP, there is signficant room for growth.

Wholesale trade does show a close linkage with mining, oil/gas and construction. There has been a significant increase in industry activity since 2004, a period which coincides with the development of the Diavik™ Diamond Mine, and major investments at De Beers™ Snap Lake property. In response to growing industrial demand and investment, significant investments were made by the industry over the last decade.

CHART 14.1 WHOLESALE TRADE'S GDP CONTRIBUTION



Source: Statistics Canada

Wholesale Trade Operating Statistics

Table 14.1 compares NWT wholesale business financial data to the Yukon, Prince Edward Island, Alberta, Saskatchewan, British Columbia, and Newfoundland and Labrador.

As shown in the table, gross margins for NWT companies are substantially higher when compared to other jurisdictions in Canada.

Overall operating revenues, or sales, are almost equal to Prince Edward Island, which has 139,000 residents; three times as many people as in the NWT.

In general, operating expenses for wholesalers in the NWT are higher than other provinces or territories. This is somewhat offset by having higher margins on sales.

TABLE 14.1 WHOLESALE TRADE OPERATING STATISTICS ($000)

	Operating revenues	Operating expenses	Cost of goods sold	Gross margin %
N.W.T.	631,525	143,536	445,827	29.4
Yukon	x	35,700	x	x
P.E.I.	710,384	109,232	x	x
Alberta	168,168,979	12,572,799	149,158,151	11.3
Saskatchewan	30,474,298	3,636,336	25,451,773	16.5
B.C.	60,803,544	9,920,618	47,980,296	21.1
NFLD and Labrador	4,449,852	531,528	3,771,769	15.2

Source: Statistics Canada, CANSIM

TABLE 14.2 WHOLESALE TRADE SALES, 2004 - 2009 ($MILLION)

Region	2004 ($ millions)	2005 ($ millions)	2006 ($ millions)	2007 ($ millions)	2008 ($ millions)	2009 ($ millions)	2009 Population ('000 people)	Per Capita Wholesale Sales	Growth over 5 years	Average 5 Year Rate of Growth
Canada	443,010	468,613	492,067	518,082	533,275	494,838	33,740	14,666	12%	3%
Newfoundland and Labrador	2,286	2,394	2,559	2,848	3,130	3,171	509	6,230	39%	9%
Prince Edward Island	593	545	449	479	474	448	141	3,177	-24%	-7%
Nova Scotia	6,455	6,639	6,592	6,760	7,050	6,852	938	7,304	6%	2%
New Brunswick	4,684	4,840	4,879	5,095	5,293	5,486	750	7,320	17%	4%
Quebec	84,583	89,523	92,030	97,362	101,485	97,657	7,829	12,474	15%	4%
Ontario	235,618	243,345	252,747	263,171	262,174	248,951	13,069	19,049	6%	1%
Manitoba	10,063	11,014	12,090	13,694	14,063	13,584	1,222	11,116	35%	8%
Saskatchewan	10,870	12,075	12,452	14,823	20,595	16,043	1,030	15,574	48%	10%
Alberta	44,941	52,124	58,427	60,587	66,361	55,825	3,688	15,138	24%	6%
British Columbia	42,374	45,470	49,185	52,423	51,800	46,068	4,455	10,340	9%	2%
Yukon	78	92	119	141	148	135	34	4,015	73%	15%
Northwest Territories	440	526	516	648	630	552	43	12,721	26%	6%
Nunavut	27	25	23	52	73	67	32	2,078	148%	25%

Source: Statistics Canada, CANSIM

INDUSTRY OUTLOOK

Growth in the wholesale trade sector in the NWT is closely linked to investment in the mining and oil and gas industries. From 2004 to 2009, sales in the sector increased by an average of 6% per year or by a rate of 26% for the five-year period. While the Yukon has Canada's second fastest growth in wholesale revenues, sales in the NWT are still more than three times higher than the Yukon.

Investment represents future potential as well as business perceptions of the economy. If businesses see a lot of potential growth, they will invest in new equipment or physical expansion. As shown in Table 14.3 on the following page, investments in wholesale trade for 2010 increased by 15.5% over 2009. Investments in capital for the industry increased from $11 million in 2009 to $12.7 million in 2010. This increase in the wholesale trade reflects renewed confidence in mining markets.

TABLE 14.3 NWT CAPITAL EXPENDITURES ($MILLIONS)

Industry/Sector	2005	2006	2007	2008	2009	2010	Growth 09 to 10	% change
Total	1,469.4	1,848.3	1,994.8	1,561.6	1,589.4	1,200.2	-389.2	-24.5%
Agriculture, forestry, fishing and hunting	0.6	0.7	0.8	x	x	x	N/A	N/A
Crop production	0.0	0.0	0.0	0.0	0.0	0.0	0.0	N/A
Animal production	0.0	0.0	0.0	0.0	0.0	0.0	0.0	N/A
Forestry and logging	0.1	0.1	0.1	x	x	x	N/A	N/A
Fishing, hunting and trapping	0.4	0.3	0.3	0.3	0.3	0.3	0.0	0.0%
Support activities for agriculture and forestry	0.2	0.3	0.3	x	x	x	N/A	N/A
Mining and oil and gas extraction	1,042.0	1,443.3	1,469.0	1,052.2	973.3	652.5	-320.8	-33.0%
Utilities	26.8	26.7	30.6	30.2	20.7	24.7	4.0	19.3%
Construction	3.6	5.9	15.5	46.0	46.4	47.2	0.8	1.7%
Manufacturing	x	1.7	0.8	0.7	0.6	0.8	0.2	33.3%
Wholesale trade	2.3	5.0	8.4	11.9	11.0	12.7	1.7	15.5%
Retail trade	10.1	10.1	11.7	8.8	9.6	8.6	-1.0	-10.4%
Transportation and warehousing	76.0	83.4	150.6	98.1	70.5	69.3	-1.2	-1.7%
Information and cultural industries	24.9	22.0	24.0	24.4	x	x	N/A	N/A
Finance and insurance	7.6	8.3	11.0	7.2	7.7	9.1	1.4	18.2%
Real estate and rental and leasing	26.8	37.0	40.9	28.5	22.5	22.7	0.2	0.9%
Professional, scientific and technical services	6.5	2.6	3.3	4.3	2.7	5.6	2.9	107.4%
Management of companies and enterprises	0.5	1.6	0.7	x	x	x	N/A	N/A
Admin, Sup, Waste Mgmt & Remed Serv	4.6	5.2	3.1	2.4	2.9	3.2	0.3	10.3%
Educational services	9.3	16.4	28.6	35.1	62.6	56.1	-6.5	-10.4%
Health care and social assistance	11.4	7.1	12.9	20.2	32.8	4.7	-28.1	-85.7%
Arts, entertainment and recreation	x	x	0.3	x	x	x	N/A	N/A
Accommodation and food services	12.7	14.9	13.4	12.0	3.8	2.3	-1.5	-39.5%
Other services (except public administration	1.8	1.0	1.0	2.3	2.0	3.5	1.5	75.0%
Public administration	112.7	90.7	102.6	113.3	230.4	182.7	-47.7	-20.7%
Federal government public administration	21.3	11.8	11.8	13.4	10.7	17.5	6.8	63.6%
Provincial and territorial public administration	78.1	59.1	69.0	80.6	179.5	126.6	-52.9	-29.5%
Local, municipal and regional public administration	13.3	19.8	21.8	19.4	40.3	38.6	-1.7	-4.2%
Housing	87.2	63.8	65.5	61.8	64.7	72.5	7.8	12.1%

Source: Statistics Canada

CONCLUSION

Overview

The territory's strong resource base provides it with one of the most favourable long term outlooks in the country.

- The Mackenzie Gas project could be one of Canada's largest investments. With this development, the Conference Board of Canada predicts the NWT's GDP will climb to $7.9 billion. And, this will be just the beginning, as the pipeline will encourage new exploration and field development.
- At least seven new mining projects are expected over the next decade – these alone could add over 2,000 new direct jobs. Other opportunities exist for shale gas development near the NWT and British Columbia border.
- Diamonds remain the major pillar of our economy. The NWT has three operating diamond mines, and another in development. The collective operations of the Ekati, Diavik and Snap Lake Diamond Mines produce 15 percent of the world's rough diamonds by value.
- Value added processing can add significantly to current and future exports. The GNWT is actively pursuing new value added industries. In particular, development of a hydromet plant would open an exciting new dimension to mining.

At the same time we face challenges:

- There remains uncertainty over the NWT investment climate. Encouraging exploration and mining projects requires consistency in the application of regulations, environmental review and stability in land access and tenure processes.
- Commodity prices, largely driven by world economic conditions, are volatile.
- The economy remains largely dependent on diamond mining and the Norman Wells oil field.
- Costs for operating businesses and for new investment remain high. These can be partly offset by new technology, reduced red tape, new infrastructure investment and economies of scale.
- Out-migration continues to be an issue. Between 1999 and 2009, a net total of 4,700 residents moved from the NWT to Alberta – a significant challenge for the NWT. The GNWT is addressing this through the launch of the "Come Make Your Mark" initiative. This initiative is a comprehensive national marketing campaign aimed at attracting residents from select regional jurisdictions across Canada to move to the NWT to live and work long-term.

Northwest Territories Industry, Tourism and Investment